
First Supplemental Indenture

between

ALASKA STUDENT LOAN CORPORATION

and

ZIONS FIRST NATIONAL BANK,
as Trustee

Dated as of June 1, 2002

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, made and entered into as of June 1, 2002, by and between the ALASKA STUDENT LOAN CORPORATION, a public corporation and government instrumentality created and existing under the laws of the State of Alaska (herein called the "Corporation"), and ZIONS FIRST NATIONAL BANK, a national banking association organized and existing under the laws of the United States, as Trustee (herein called the "Trustee").

WITNESSETH:

WHEREAS, the Corporation and Zions First National Bank entered into an Indenture dated as of June 1, 2002 (the "Master Indenture" and, together with this First Supplemental Indenture, the "Indenture") to secure issues of the Corporation's Education Loan Revenue Bonds; and

WHEREAS, under the terms of the Master Indenture, the Corporation and the Trustee may enter into a supplemental indenture from time to time to authorize the issuance of a Series of the Corporation's Education Loan Revenue Bonds; and

WHEREAS, it is the purpose of this First Supplemental Indenture to authorize the issuance of the Corporation's Education Loan Revenue Bonds, Series 2002 in two Series, the \$47,500,000, Senior Series 2002A Bonds (the "2002A Bonds") and the \$15,000,000 Subordinate Series 2002B Bonds (the "2002B Bonds, together with the 2002A Bonds, the "2002 Bonds") in the aggregate principal amount of \$62,500,000; and

WHEREAS, the Corporation is authorized to issue its 2002 Bonds for the purpose, among other things, of acquiring or funding Education Loans, as defined in the Master Indenture, and for the purpose of refunding bonds previously issued under a prior indenture; and

WHEREAS, the Corporation has issued bonds under a prior indenture a portion of which will mature on July 1, 2002, in the aggregate principal amount of \$42,200,000 (the "Refunded Bonds"); and

WHEREAS, the proceeds of the 2002A Bonds will be used to refund the Refunded Bonds on their maturity date; and

WHEREAS, the proceeds of the 2002B Bonds will be used to acquire or fund Education Loans, as defined in the Master Indenture; and

WHEREAS, all conditions, things, and acts required by the Constitution and statutes of the State of Alaska to exist, happen, and be performed precedent to and in connection with the issuance of the 2002 Bonds exist, have happened, and have been performed in due time, form, and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the 2002 Bonds for the purpose, in the manner, and upon the terms herein and in the Master Indenture provided; and

WHEREAS, in order to provide for the authentication and delivery of the 2002 Bonds, to establish and declare the terms and conditions upon which the 2002 Bonds are to be issued and secured, and to secure the payment of the principal thereof and of the interest thereon, the Corporation has authorized the execution and delivery of this First Supplemental Indenture; and

WHEREAS, the 2002 Bonds and the Trustee's certificate of authentication are to be in substantially the forms presented in Exhibits B and G hereto with such insertions or variations as to any redemption or amortization provisions and interest rate provisions, and with such other necessary or appropriate variations, omissions, and insertions, as the Corporation's Chair or Executive Officer may approve and as may be permitted or required by the Master Indenture or this First Supplemental Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the 2002 Bonds, when executed and duly issued by the Corporation and authenticated and delivered by the Trustee, the valid, binding, and legal obligations of the Corporation and to constitute the Master Indenture and this First Supplemental Indenture a valid and binding agreement for the uses and purposes therein and herein set forth, in accordance with their terms, have been done and taken; and the execution and delivery of the Master Indenture and this First Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest on, all 2002 Bonds at any time issued and outstanding under this First Supplemental Indenture, according to their tenor, and to secure the performance and observance of all the covenants therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2002 Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2002 Bonds by the holders thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Corporation covenants and agrees with the Trustee, for the benefit of the respective holders from time to time of the 2002 Bonds, as follows:

ARTICLE I DEFINITIONS

Section 101 - Definitions. In this First Supplemental Indenture, unless the context otherwise requires, the following words and terms shall have the meanings set forth in this Section:

"Acquisition Period Termination Date" shall mean June 1, 2005, or such earlier date that the Corporation identifies in a writing to the Trustee as the date after which it no longer reasonably expects to acquire or originate Education Loans from amounts deposited in the 2002 Series Accounts pursuant to Section 402; provided, however, that the Corporation may establish a date later than June 1, 2005, as the Acquisition Period Termination Date if it files with the Trustee a Rating Confirmation reflecting such later date.

"Auction Rate Bonds" shall mean the 2002A Bonds and the 2002B Bonds bearing interest at Auction Rates as provided in Exhibit A.

"Beneficial Owner" shall mean either the person in whose name a 2002 Bond is recorded as the beneficial owner of such 2002 Bond by the respective systems of DTC Participants or, if the 2002 Bond is not then registered in the name of Cede & Co. and held in the Book Entry System, the Bondholder of the 2002 Bond.

"Book Entry System" shall mean the system in which the 2002 Bonds (represented by one 2002 Bond certificate for each maturity of each Series of the 2002 Bonds) are delivered into the possession of DTC and are issued and fully-registered as to principal and interest in the name of Cede & Co., and whereby beneficial interests in the 2002 Bonds are purchased by investors through DTC Participants, such interests shown and transfers thereof effected only through the records maintained by the respective DTC Participants from whom each such investor acquired such beneficial interest.

"Capital Reserve Requirement" shall mean Eligible Capital Reserve Assets in a principal amount at least equal to 2% of the principal amount of Bonds Outstanding but in no event less than \$500,000.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the 2002 Bonds.

"Closing Date" shall mean June 4, 2002.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement between the Corporation and the Trustee dated as of June 4, 2002, as originally executed and as it may be amended from time to time in accordance with its terms.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participants" shall mean trust companies, banks, brokers, dealers, clearing corporations, and certain other organizations that are participants of DTC.

"Eligible Capital Reserve Assets" shall mean (i) cash, (ii) Investment Securities, (iii) a non-cancelable surety bond issued by an insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such surety bond, is rated in the highest rating category by any Rating Agency and if the Corporation files with the Trustee a Rating Confirmation reflecting such surety bond, and (iv) an irrevocable letter of credit issued by a financial institution which maintains an office, agency or branch in the United States and, as of the time of issuance of such letter of credit, is rated in one of the two highest long-term rating categories by one or more of the Rating Agencies, but only if the Corporation files with the Trustee a Rating Confirmation reflecting such letter of credit.

"Excess Interest" shall mean, as of the date of computation, the smallest amount that, if treated as a payment for the 2002 Education Loans (i.e., taken into account in calculating yield) paid on that date, would reduce the yield on the 2002 Education Loans to a yield that is not higher than the yield on the 2002 Bonds plus the Permitted Spread. For purposes of this definition only, yield on the 2002 Bonds and yield on the 2002 Education Loans shall be calculated in accordance with §§1.148-4 and 1.148-5, respectively, of the Regulations or other applicable Code or Regulation sections.

"Excess Interest Calculation Date" shall mean June 1, 2012, and June 1 of each fifth year thereafter for each of the 2002A Bonds and the 2002B Bonds while any such Bonds are Outstanding, and the day upon which the last Bond of each such Series is retired.

"First Unallocated Account" shall mean the First Unallocated Account created in Section 201 hereof.

"Investment Securities" for all purposes other than (i) investments in escrow accounts and (ii) investing, and receiving credit for, accrued and capitalized interest shall mean:

- (a) (i) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States; or (ii) FHA debentures, Freddie Mac senior debt obligations, Federal Home Loan Bank consolidated senior debt obligations, Federal Farm Credit Bank consolidated senior debt obligations, and Fannie Mae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption;
- (b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
 - United States Export-Import Bank (Eximbank)
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly known as Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration
 - Federal Financing Bank;
- (c) U.S. Dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks (including any affiliate of the Trustee) which have a rating on their short term certificates of deposit on the date of purchase of "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (for purposes of this definition, the rating of a holding company shall not be considered the rating of any bank held by such holding company);
- (d) commercial paper which is rated at the time of purchase "A-1+" by Standard & Poor's and "P-1" by Moody's;
- (e) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's and "Aaa" by Moody's, including money market

funds from which the Trustee or its affiliate derives a fee for investment advisory or other services to the fund;

- (f) guaranteed investment contracts or investment agreements (including repurchase agreements), secured by collateral or unsecured as the Corporation may determine, which may be entered into by and among the Corporation, the Trustee and any bank, bank holding company, corporation or any other financial institution whose outstanding (a) commercial paper is rated "P-1" by Moody's and "A-1+" by Standard & Poor's for agreements or contracts with a maturity of 12 months or less, (b) unsecured long-term debt is rated "Aa3" or higher by Moody's and "A-" or higher by Standard & Poor's and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by Standard & Poor's for agreements or contracts with a maturity of 24 months or less, but more than 12 months, or (c) unsecured long-term debt which is rated "Aa3" or higher by Moody's and "AA-" or higher by Standard & Poor's and, if commercial paper is outstanding, commercial paper which is rated "P-1" by Moody's and "A-1+" by Standard & Poor's for agreements or contracts with a maturity of more than 24 months, or, in each case, by an insurance company whose claims paying ability is so rated;
- (g) general obligations of any state or municipality with a rating of "Aaa" by Moody's and "A" by Standard & Poor's;
- (h) any other investment, investment agreement or guaranteed investment contract approved in writing by Moody's and Standard & Poor's.

If Additional Bonds are issued and Investment Securities are defined differently in the supplemental indenture or Master Indenture, then only those investments appearing in both or all definitions shall be Investment Securities.

"Letter of Representations" shall mean the Blanket Letter of Representations dated July 26, 1995, from the Corporation to DTC, which shall be the binding obligation of the Corporation.

"Master Indenture" shall mean the Indenture between the Corporation and Zions First National Bank, as Trustee, dated as of June 1, 2002, and securing the Corporation's Education Loan Revenue Bonds together with this First Supplemental Indenture.

"Moody's" shall mean Moody's Investors Service Inc., or any successor thereto.

"1992 Bonds" shall mean the Corporation's State Assisted Student Loan Revenue Bonds, 1992 Series A, issued in the initial aggregate principal amount of \$47,500,000.

"1993 Bonds" shall mean the Corporation's State Assisted Student Loan Revenue Bonds, 1993 Series A, issued in the aggregate principal amount of \$43,400,000.

"1994 Bonds" shall mean the Corporation's Student Loan Revenue Bonds, 1994 Series A, issued in the aggregate principal amount of \$50,000,000.

"1995 Bonds" shall mean the Corporation's Student Loan Revenue Bonds, 1995 Series A, issued in the aggregate principal amount of \$55,000,000.

"1996 Bonds" shall mean the Corporation's Student Loan Revenue Bonds, 1996 Series A, issued in the aggregate principal amount of \$38,000,000.

"1999 Bonds" shall mean the Corporation's Student Loan Revenue Bonds, 1999 Series A, issued in the aggregate principal amount of \$40,000,000.

"1992/1993 Transferred Proceeds Account" shall mean the 1992/1993 Transferred Proceeds Account created in Section 201 hereof.

"Payment Date" shall mean any Interest Payment Date and any other date on which a payment of principal of or interest on the 2002 Bonds is due hereunder or under the Master Indenture.

"Prior Debt Service Fund" shall mean the fund or account created under the Prior Indenture from which the Prior Trustee makes payment of principal and interest on the Prior Bonds.

"Prior Indenture" shall mean that indenture entered into between the Alaska Student Loan Corporation and Seattle-First National Bank dated May 1, 1988, and all supplemental and amending indentures thereto.

"Prior Trustee" shall mean U.S. Bank National Association, formerly known as U.S. Bank Trust National Association, trustee under the Prior Indenture.

"Purchasers" shall mean UBS PaineWebber Inc. and the other underwriters, if any, identified in the Bond Purchase Agreement dated May 31, 2002, relating to the sale of the 2002 Bonds.

"Record Date," with respect to any 2002 Bond bearing interest at Auction Rates, shall have the meaning as defined in Exhibit A and, with respect to any 2002 Bond bearing interest at Variable Rates, shall have the meaning as defined in Exhibit G.

"Recycling Termination Date" shall mean June 1, 2005; provided, however, that the Corporation may establish a date later than June 1, 2005, as the Recycling Termination Date if it files with the Trustee a Rating Confirmation reflecting such later date.

"Refunded Bonds" shall mean the 1992 Bonds in the principal amount of \$22,090,000; the 1993 Bonds maturing on July 1, 2002, in the principal amount of \$4,310,000; the 1994 Bonds maturing on July 1, 2002, in the principal amount of \$6,750,000; the 1995 Bonds maturing on July 1, 2002, in the principal amount of \$5,550,000; the 1996 Bonds maturing on July 1, 2002, in the principal amount of \$2,000,000; and the 1999 Bonds maturing on July 1, 2002, in the principal amount of \$1,500,000.

"Regulations" shall mean the regulations adopted under the Code.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group or any successor thereto.

"Supplemental Indenture" shall mean this First Supplemental Indenture.

"2002 Bonds" shall mean the Corporation's Education Loan Revenue Bonds, Senior Series 2002A and Subordinate Series 2002B, issued in the aggregate principal amount of \$62,500,000.

"2002A Bonds" shall mean the Corporation's \$47,500,000 Education Loan Revenue Bonds, Senior Series 2002A.

"2002B Bonds" shall mean the Corporation's \$15,000,000 Education Loan Revenue Bonds, Subordinate Series 2002B.

"2002 Education Loans" shall mean Education Loans financed with original proceeds of the 2002 Bonds or otherwise allocable to the 2002 Bonds for purposes of calculating Excess Interest pursuant to the Code and Regulations.

"2002 Series Account" shall mean the 2002 Series Account created in Section 201 hereof.

"Value," which shall be determined as of the end of each month, shall mean that the value of any investments (other than Education Loans) shall be calculated as follows:

- (a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest;
- (d) as to money market funds: the dollar amount invested, including earnings reinvested or to be reinvested;
- (e) as to investment agreements: the face amount thereof, unless otherwise determined by the Corporation with notice to the Trustee; and
- (f) as to any investment not specified above: the value thereof established by prior agreement between the Corporation, the Trustee.

Provided, with respect to valuation under (b) hereof, the Trustee may utilize and rely conclusively upon any generally recognized pricing service available to it.

"Variable Rate Bonds" shall mean the 2002A Bonds and the 2002B Bonds bearing interest at Variable Rates as provided in Exhibit G.

Unless otherwise expressly provided herein, capitalized terms used herein shall have the meanings assigned to them in the Master Indenture.

Section 102 - Conflict with Master Indenture. In the event of a conflict between the provisions of this Supplemental Indenture and the Master Indenture or any other supplemental indenture, the provisions of this Supplemental Indenture shall govern for

so long as any of the 2002 Bonds remain Outstanding (except as may be otherwise provided herein).

ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE

Section 201 - Authorization, Principal Amount, Designation, and Series; Creation of Funds and Accounts. (A) Pursuant to the provisions of the Master Indenture, a Series of Bonds entitled to the benefit, protection and security of the Master Indenture is hereby authorized in the aggregate principal amount of \$47,500,000 and shall be designated as and shall be distinguished from the Bonds of all other Series by the title, "Education Loan Revenue Bonds, Senior Series 2002A". The 2002A Bonds shall be Class I Bonds for purposes of the Master Indenture. As provided in Section 1.16 of Exhibit "A", such Class may change upon conversion to Variable Rate Bonds. The Corporation is of the opinion and hereby determines that the issuance of the 2002A Bonds in said amount is necessary to provide sufficient funds to be used and expended for the Corporation's program of acquiring Education Loans under the Act. The 2002A Bonds may be issued only in fully registered form.

(B) Pursuant to the provisions of the Master Indenture, a Series of Bonds entitled to the benefit, protection and security of the Master Indenture is hereby authorized in the aggregate principal amount of \$15,000,000 and shall be designated as and shall be distinguished from the Bonds of all other Series by the title, "Education Loan Revenue Bonds, Subordinate Series 2002B". The 2002B Bonds shall be Class III Bonds for purposes of the Master Indenture. As provided in Section 1.16 of Exhibit "A", such Class may change upon conversion to Variable Rate Bonds. The Corporation is of the opinion and hereby determines that the issuance of the 2002B Bonds in said amounts is necessary to provide sufficient funds to be used and expended for the Corporation's program of acquiring Education Loans under the Act. The 2002B Bonds may be issued only in fully registered form.

(C) There is hereby created in connection with the issuance of the 2002 Bonds the 2002 Series Account, the 1992/1993 Transferred Proceeds Account, and the First Unallocated Account. The 2002 Series Account and the 1992/1993 Transferred Proceeds Account are each Series Accounts within the Education Loan Fund as provided in Section 501 of the Master Indenture; the First Unallocated Account is an Unallocated Account within the Education Loan Fund as provided in Section 501 of the Master Indenture.

Section 202 - Purposes. (A) The 2002A Bonds are being issued for the purpose of funding Education Loans and refunding the Refunded Bonds on July 1, 2002.

(B) The 2002B Bonds are being issued for the purpose of funding Education Loans.

Section 203 - Date Maturities and Interest Rates; Other Terms. (A) The 2002 Bonds shall be dated the date of initial authentication and delivery thereof and shall (unless and until converted to a Variable Rate) bear interest at the Auction Rate described in Exhibit "A" hereto.

(B) The 2002A Bonds shall mature on June 1, 2037 (subject to redemption prior to maturity as described in Article VI hereof) and shall be payable as described in Exhibit "A." If the 2002A Bonds are converted to Variable Rate Bonds, the 2002A Bonds shall bear interest, be payable, and be subject to other terms as described in Exhibit "G". The Corporation may not convert the 2002A Bonds to Variable Rate Bonds unless the Corporation has filed with the Trustee a Rating Confirmation reflecting such conversion.

(C) The 2002B Bonds shall mature on June 1, 2037 (subject to redemption prior to maturity as described in Article VI hereof) and shall be payable as described in Exhibit "A." If the 2002B Bonds are converted to Variable Rate Bonds, the 2002B Bonds shall bear interest, be payable, and be subject to other terms as described in Exhibit "G." The Corporation may not convert the 2002B Bonds to Variable Rate Bonds unless the Corporation has filed with the Trustee a Rating Confirmation reflecting such conversion.

(D) Interest on the 2002 Bonds is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

Section 204 - Denominations, Numbers, and Letters. (A) The Series 2002A Bonds shall be issued in the form of fully registered bonds without coupons, in substantially the form set forth as Exhibit "B". Upon conversion to Variable Rate Bonds, the 2002A Bonds shall be in the form set forth in Exhibit "G". The 2002A Bonds shall be issued in Authorized Denominations and shall be numbered separately from 1 upward preceded by the letter R prefixed to the number.

(B) The Series 2002B Bonds shall be issued in the form of fully registered bonds without coupons, in substantially the form set forth as Exhibit "B". Upon conversion to Variable Rate Bonds, the 2002B Bonds shall be in the form set forth in Exhibit "G". The 2002B Bonds shall be issued in the Authorized Denominations and shall be numbered separately from 1 upward preceded by the letter R prefixed to the number.

Section 205 - Paying Agents; Method of Payment. (A) The Trustee is hereby appointed the Paying Agent for the 2002 Bonds pursuant to Section 1102 of the Master Indenture.

(B) While the 2002 Bonds are held in the Book Entry System, payment of principal thereof and interest thereon shall be made by wire transfer of same day funds or in such other manner as permitted by the Letter of Representations to the account of Cede & Co. on the Payment Date at the address indicated for Cede & Co. in the bond register kept by the Trustee.

(C) While the 2002 Bonds are not held in the Book Entry System, principal of and interest on the 2002 Bonds shall be paid by mailing a check on the Payment Date on which such principal or interest is due, payable to or upon the written order of the Bondholders, as of each Record Date, of the 2002 Bonds at their addresses as they appear on the bond register; provided, however, that (i) any such Bondholder may request such payment in person at the principal corporate trust office of the Trustee on any Payment Date if such Bondholder notifies the Trustee in writing not later than 30 days before such Interest Payment Date of such Bondholder's election so to receive such payment of interest; and (ii) a registered owner of \$1,000,000 or more in principal amount of the 2002 Bonds shall be paid interest by wire transfer to an account in the United States if such Bondholder makes a written request to the Trustee at least 30 days before the Interest Payment Date on which such wire transfer payments are to begin specifying the account address.

(D) All payments under (B) or (C) of this Section shall be accompanied by CUSIP number identification (with appropriate dollar amount of payment pertaining to each CUSIP number in case there is more than one CUSIP number in connection with a payment) for the 2002 Bonds to which the payment pertains. Payment of principal of the 2002 Bonds under (B) or (C) of this Section shall be made when due upon presentation and surrender of the 2002 Bonds to which such payment pertains at the principal corporate trust office of the Trustee in Denver, Colorado, or at such other location as directed by the Trustee.

(E) For purposes of paragraphs Fourth and Fifth of Section 503(C) of the Master Indenture, in determining the amounts to be paid into the Principal Account pursuant to said paragraphs, the Trustee shall pay such amounts into such Account at the time or times directed in writing by the Corporation but in no event less than one Business Day before such amounts are required for the payment of principal of the Bonds.

Section 206 - Book Entry 2002 Bonds. (A) So long as the 2002 Bonds are held in the Book Entry System the holder of all of the 2002 Bonds shall be DTC, and the

2002 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Letter of Representations is incorporated herein by reference.

(B) The 2002 Bonds shall be initially issued in the form of a single fully registered certificate in the amount of each separate stated maturity of the 2002 Bonds. Upon initial issuance, the ownership of such 2002 Bonds shall be registered in the registry books of the Corporation kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Corporation may treat DTC (or its nominee) as the sole and exclusive holder of the 2002 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the 2002 Bonds, selecting the 2002 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Master Indenture, registering the transfer of 2002 Bonds, and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2002 Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books kept by the Trustee as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the 2002 Bonds; any notice permitted or required to be given to Bondholders under the Master Indenture; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2002 Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from moneys available hereunder all principal of and premium, if any, and interest on the 2002 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State), and all such payments shall be valid and effective to fully satisfy and discharge the Corporation's obligations with respect to the principal of and premium, if any, and interest on the 2002 Bonds to the extent of the sum or sums so paid. So long as the 2002 Bonds are held in the Book Entry System, no person other than DTC shall receive an authenticated 2002 Bond certificate. Upon delivery by DTC to the Trustee of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of the Master Indenture and this Supplemental Indenture with respect to transfers of 2002 Bonds, the term "Cede & Co." in this Supplemental Indenture shall refer to such new nominee of DTC.

Section 207 - Delivery of 2002 Bond Certificates. At any time, the Corporation may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants, of the availability through DTC of 2002 Bond certificates. In such event, the Trustee shall issue, transfer, and exchange, at the Corporation's expense, fully registered 2002 Bond certificates as requested in writing by DTC in appropriate amounts. DTC may determine

to discontinue providing its services with respect to the 2002 Bonds at any time by giving written notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if no successor securities depository is appointed by the Corporation), the Corporation and the Trustee shall be obligated to deliver 2002 Bond certificates as described in the Master Indenture and this Supplemental Indenture, provided that the expenses in connection therewith shall be paid by the Corporation. In the event 2002 Bond certificates are issued, the provisions of the Master Indenture and this Supplemental Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and premium, if any, and interest on such certificates. Whenever DTC requests the Corporation to do so, the Corporation will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the 2002 Bonds to any DTC Participant having 2002 Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the 2002 Bonds.

ARTICLE III EXECUTION AND DELIVERY

Section 301 - Execution. The 2002 Bonds shall be executed by the manual or facsimile signature of the Chair, Executive Officer, or Finance Officer of the Corporation, with such signature attested by the manual or facsimile signature of an Authorized Officer, and the seal of the Corporation (or a facsimile thereof) shall be affixed, engraved, imprinted, or otherwise reproduced thereon.

Section 302 - Delivery. After their execution as hereinabove provided, the 2002 Bonds to be delivered to the Purchasers shall be authenticated by the Trustee and, upon satisfaction of the conditions contained in the Master Indenture, shall be delivered to the Purchasers.

ARTICLE IV CORPORATION CONTRIBUTIONS; DISPOSITION OF PROCEEDS

Section 401 - Capital Reserve Fund. (A) On the Closing Date, the Corporation shall transfer Eligible Capital Reserve Assets in an amount of \$1,250,000 which is at least equal to the Capital Reserve Requirement to the Trustee for deposit in the Capital Reserve Fund, and the Trustee shall so deposit such Eligible Capital Reserve Assets.

(B) The Corporation may, at any time, satisfy the Capital Reserve Requirement by depositing into the Capital Reserve Fund, either in addition to other assets then in the Capital Reserve Fund or in replacement thereof, Eligible Capital Reserve Assets.

Section 402 - Series Accounts, Unallocated Account, Transferred Proceeds Account, Transfers. (A) On the Closing Date the Trustee shall deposit \$62,500,000, being all of the proceeds of sale of the 2002 Bonds, into the 2002 Series Account.

(B) The Trustee shall transfer \$42,200,000 from the 2002 Series Account on June 27, 2002, to the Prior Trustee for deposit into the appropriate account or fund of the Prior Indenture to make principal payments with respect to the Refunded Bonds on July 1, 2002. In exchange therefor, on June 27, 2002, the Prior Trustee shall transfer to the Trustee \$42,200,000 in cash released from the Prior Indenture at the direction of the Corporation. The Trustee shall deposit \$15,800,000 of such cash released by the Prior Trustee as provided in the preceding sentence in the 2002 Series Account and shall deposit \$26,400,000 of such cash released by the Prior Trustee as provided in the preceding sentence in the 1992/1993 Transferred Proceeds Account.

(C) On the Closing Date, the Corporation shall transfer or cause to be transferred from the unrestricted assets of the Corporation \$46,450,000 in cash released from the Prior Indenture at the direction of the Corporation to the Trustee. The Trustee shall deposit \$1,250,000 of such cash to the Capital Reserve Fund and \$45,200,000 of such cash to the First Unallocated Account.

(D) On the Closing Date, the Corporation shall transfer or cause to be transferred from the unrestricted assets of the Corporation, Education Loans in the principal amount of \$16,520,000 to the First Unallocated Account.

(E) The Corporation shall provide written instructions, and such other documents as may be required by the Trustee and the Prior Indenture, to the Prior Trustee and shall take such other steps as may be necessary to cause the Prior Trustee to (i) use amounts transferred to it pursuant to this Section 402 as provided in this Section 402, and (ii) transfer cash and investment securities to the Trustee as provided in this Section 402. The Trustee shall accept such cash and investment securities and shall deposit them as provided in this Section 402.

Section 403 - Application of Proceeds for Costs of Issuance. The Trustee shall apply amounts in the 2002 Series Account to the payment of reasonable and necessary Costs of Issuance of the 2002 Bonds at the written direction of the Corporation. The Corporation shall not direct the Trustee to apply such amounts to the payment of such Costs of Issuance in an amount greater than two percent of the proceeds from the sale of the 2002 Bonds to the public.

Section 404 - Initial Acquisition Period and Recycling Limitations. (A) Before the Recycling Termination Date, the Trustee shall, under Paragraph Seventh of Section 503(C) of the Indenture, (i) deposit into the 2002 Series Account all remaining Pledged Receipts derived from Education Loans held in the 2002 Series Account, (ii) deposit

into the 1992/1993 Transferred Proceeds Account all remaining Pledged Receipts derived from Education Loans held in the 1992/1993 Transferred Proceeds Account, and (iii) deposit into the First Unallocated Account all remaining Pledged Receipts derived from Education Loans held in the First Unallocated Account. On and after the Recycling Termination Date, the Trustee shall not make any deposits of remaining Pledged Receipts derived from Education Loans held in the 2002 Series Account, Education Loans held in the 1992/1993 Transferred Proceeds Account, or Education Loans held in the First Unallocated Account pursuant to Paragraph Seventh of Section 503(C) of the Indenture unless the Corporation shall have delivered to the Trustee a Rating Confirmation reflecting such deposits with a new Recycling Termination Date.

(B) The Trustee shall transfer proceeds of the 2002 Bonds remaining in the 2002 Series Account on the Acquisition Period Termination Date to the Redemption Account and shall apply such amounts to the redemption of 2002 Bonds pursuant to Section 602 or Section 603 herein.

ARTICLE V TAX MATTERS

Section 501 - Rebate Procedures. (A) For purposes of complying with the arbitrage rebate requirements of Section 148 of the Code and Section 1.148-3 of the Regulations, the Corporation or its designee shall calculate rebatable arbitrage in accordance with this Section and shall assure payment, or shall provide written direction to the Trustee to pay (but, with respect to the Trustee, only from amounts in Funds and Accounts as provided in the Master Indenture or this Supplemental Indenture or, if such amounts are insufficient or unavailable for such purpose, from amounts delivered for such purpose to the Trustee from the Corporation), such rebatable arbitrage to the United States in accordance with this Section.

(B) The Corporation shall calculate and pay, or cause to be calculated and paid, the rebatable arbitrage described in (A) of this Section in the manner, at the times, and otherwise in accordance with the procedures set forth in Section 1.148-3 of the Regulations. For purposes of such Regulations, the computation dates shall be June 30, 2006 and June 30 of every fifth year thereafter until all of the 2002 Bonds have been discharged within the meaning of said Regulations.

(C) The Corporation covenants that it will engage professionally competent advisors recognized in the field of municipal finance and arbitrage rebate computation to assist it in complying with the arbitrage rebate computations required by Section 148 of the Code and by this Section.

(D) To the extent of any conflict between this Section 501 and any Letter of Instructions respecting the method of calculating any amount to be rebated to the United States, the Letter of Instructions shall control.

Section 502 - Excess Interest Fund. No later than forty-five days after each Excess Interest Calculation Date, the Corporation shall determine, or cause to be determined, for the 2002 Bonds the Excess Interest applicable to the 2002 Bonds. If any such Excess Interest exists, the Corporation shall provide written direction to the Trustee to establish an Excess Interest Fund and to transfer an amount equal to such Excess Interest from the Revenue Fund pursuant to Section 503(C) of the Master Indenture. Unless the Corporation obtains an opinion of Bond Counsel to the effect that such payments are not required in order to preserve the exclusion from gross income of interest on the 2002 Bonds, the Corporation shall direct the Trustee to withdraw from the Excess Interest Fund, and remit to the United States, Yield Reduction Payments in such manner and amounts and on such dates as may be required or permitted by Section 148 of the Code and Section 1.148-5(c) of the Regulations, or other applicable Code and Regulation provisions.

Section 503 - RESERVED.

Section 504 - Tax Covenants. (A) The Corporation shall not directly or indirectly use, permit or direct the use of any proceeds of the 2002 Bonds or any other funds of the Corporation or take or omit to take any action that would cause the 2002 Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations promulgated thereunder. To that end, the Corporation will comply with all requirements of Section 148(a) of the Code to the extent applicable to the 2002 Bonds. In the event that for purposes of this Section 504 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Master Indenture, the Corporation shall so instruct the Trustee in writing, and the Trustee shall take such action as directed. The Corporation specifically covenants that the Corporation will pay or cause to be paid to the United States at the times and in the amounts determined under this Supplemental Indenture the rebate amounts described herein. The Corporation further covenants and agrees that it will take all action necessary to assure that interest on the 2002 Bonds shall be excludable from gross income for purposes of federal income taxation.

(B) Terms used in this Section and not otherwise defined herein shall have the meanings assigned to such terms under the Code and Regulations.

ARTICLE VI REDEMPTION

Section 601 - Sinking Fund Redemption. The 2002A Bonds are subject to mandatory redemption and shall be redeemed in part by lot from Sinking Fund Installments from the Principal Account of the Revenue Fund on each of the dates set forth in the following table, in each case at a Redemption Price equal to the principal amount of 2002A Bonds to be so redeemed, together with interest accrued to the redemption date, upon notice as provided in Section 605 hereof. Subject to crediting as provided in the Master Indenture, there shall be due and the Corporation shall in any and all events be required to pay on each of the following dates set forth in the following table the amount set opposite each such date in said table and each said amount is hereby established as and shall constitute a Sinking Fund Installment for the retirement of the 2002A Bonds:

Sinking Fund Date (June 1)	Principal Amount
2009	\$22,100,000
2010	4,300,000
2011	6,750,000
2012	5,550,000
2013	2,000,000
2016	1,500,000
2037*	5,300,000

*Final Maturity

Section 602 - Optional Redemption of 2002 Bonds. (A) While the 2002 Bonds bear interest at an Auction Rate, as described in Exhibit "A", or at a Variable Rate, as described in Exhibit "G" (but not while the 2002 Bonds bear interest at a Long Rate to maturity), the 2002 Bonds are subject to redemption at the option of the Corporation from any source of funds in whole or in part on any date at a redemption price equal to the principal amount of the 2002 Bonds being redeemed, plus accrued interest, if any, to the redemption date.

(B) At the time any 2002 Bonds are Converted to bear interest at a Long Rate to maturity, as described in Exhibit "G", the Corporation shall establish optional redemption provisions for such 2002 Bonds and shall deliver a Certificate to the Trustee setting forth such optional redemption provisions.

(C) The Corporation shall not exercise an optional redemption privilege under this Section for less than all of the 2002 Bonds Outstanding unless either (i) coverage ratios at least equal to the coverage ratios described in the definition of "Excess

Coverage" in the Master Indenture will exist immediately following such optional redemption or (ii) the Corporation provides the Trustee a Rating Confirmation.

Section 603 - Special Optional Redemption; Additional Redemption Provisions.

(A) After the Acquisition Period Termination Date and while they bear interest at a Long Rate to maturity, as described in Exhibit "G", the 2002 Bonds are subject to redemption at the option of the Corporation in whole or in part on any date from moneys on deposit in the 2002 Series Accounts at a redemption price equal to the principal amount of the 2002 Bonds being redeemed, plus accrued interest, if any, to the redemption date.

(B) After the Recycling Termination Date and while they bear interest at a Long Rate to maturity, as described in Exhibit "G", the 2002 Bonds are subject to redemption at the option of the Corporation in whole or in part on any date from moneys held in the funds and accounts established under the Indenture which are not otherwise available or expected to be used to acquire Education Loans at a price equal to the principal amount of the 2002 Bonds being redeemed, plus accrued interest, if any; provided, however, that the Bonds shall not be so redeemed from moneys derived from the voluntary sale, assignment or disposition of Education Loans by the Corporation for such purpose.

(C) In addition to the redemption provisions set forth in Sections 601 and 602 and in (A) and (B) of this Section, the 2002 Bonds may become subject to redemption at such times and under such circumstances as permitted or required pursuant to Exhibit "A" or Exhibit "G" hereto. The Corporation shall give written notice to the Trustee of any such redemption provision created pursuant to said Exhibits after the Closing Date, and, upon delivery of such notice, the 2002 Bonds shall be subject to such redemption provision.

(D) The Corporation shall not exercise an optional redemption privilege under this Section for less than all of the 2002 Bonds Outstanding unless either (i) coverage ratios at least equal to the coverage ratios described in the definition of "Excess Coverage" in the Master Indenture will exist immediately following such optional redemption or (ii) the Corporation provides the Trustee a Rating Confirmation.

Section 604 - Redemption at the Election of the Corporation. (A) In the case of any redemption of 2002 Bonds under Section 602 herein, the Corporation shall at least 30 days prior to the redemption date give written notice to the Trustee of its election so to redeem, of the redemption date, of the principal amounts of the 2002 Bonds of each maturity of each Series to be redeemed (which redemption date, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion), subject to any limitations with respect thereto contained in the Master Indenture or this Supplemental Indenture), and of any moneys to be applied to the payment of the Redemption Price.

(B) In the case of any redemption of 2002 Bonds under Section 603 herein, the Corporation shall at least 45 days prior to the redemption date give written notice to the Trustee of its election so to redeem, of the redemption date, of the principal amounts of the 2002 Bonds of each maturity of each Series to be redeemed (which redemption date, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion), subject to any limitations with respect thereto contained in the Master Indenture or this Supplemental Indenture), and of any moneys to be applied to the payment of the Redemption Price.

Section 605 - Notice of Redemption. When the Trustee shall receive written notice from the Corporation of its election or direction to redeem 2002 Bonds pursuant to Section 602 or Section 603 herein, the Trustee shall give notice in the name of the Corporation of the redemption of such 2002 Bonds as provided in Section 605 of the Master Indenture. The following actions shall be taken by the Trustee with respect to such redemption notice:

(1) At least 10 but not more than 30 days prior to the redemption date, such redemption notice shall be given to the respective owners of the 2002 Bonds designated for redemption (except for owners of 2002 Bonds bearing interest at a Long Rate to maturity to which the Trustee shall give such notice at least 30 days but not more than 45 days prior to the redemption date), by first class mail, postage prepaid, at their addresses appearing on the Bond Register and such redemption notice shall be so mailed a second time no more than 60 days after the redemption date to holders of 2002 Bonds who have not turned in their 2002 Bonds to the Trustee for redemption 30 days after the redemption date.

(2) (i) At least one Business Day before the date which the redemption notice is mailed to the owners pursuant to paragraph (1) above, such redemption notice shall be given by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile transmission, or (C) overnight delivery service, to the following securities depository and to any other securities depository that is a registered owner:

The Depository Trust Company
Att'n: Supervisor, Call Notification Department
55 Water Street, 50th Floor
New York, NY 10041-0099
Telephone Number: (212) 855-7207, 7208 or 7209
Facsimile Number: (212) 855-7232, 7233, 7234 or 7285

(ii) If any 2002 Bonds in an Auction Rate Period are to be redeemed and those 2002 Bonds are held by a securities depository, the

Trustee shall include in the notice of the call for redemption delivered to the securities depository (a) under an item entitled "Publication Date for Securities Depository Purposes" the Interest Payment Date prior to the redemption date and (b) an instruction to the securities depository to (x) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the securities depository participants whose securities depository positions will be redeemed and the principal amount of such Bonds to be redeemed from each such position (the "Securities Depository Redemption Information") and (y) notify the Auction Agent immediately after the determination of the positions of the securities depository participants in such Bonds immediately prior to such Auction settlement, the positions of the securities depository participants in such Bonds immediately following such Auction settlement, and the Securities Depository Redemption Information.

(3) On the date on which the redemption notice is mailed to the owners pursuant to paragraph (1) above, such redemption notice shall be given by (A) registered or certified mail, postage prepaid, (B) overnight delivery service, or (C) first class mail, postage prepaid, to each of the following information services or their successors:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpccdata.com

Interactive Data
Attention: Repository
100 William Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
Email: NRMSIR@interactivedata.com

Standard & Poor's J.J. Kenny Repository
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such 2002 Bonds. Failure by the Trustee to deliver such notice of redemption of the 2002 Bonds at the times required herein shall not impair the ability of the Trustee and the Corporation to effect such redemption.

Each check or other transfer of funds issued for the purpose of redeeming any 2002 Bond shall bear or be accompanied by a statement specifying the CUSIP number identifying the 2002 Bonds being redeemed with the proceeds of such check or other transfer. The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any 2002 Bond or in the redemption notice, statement or check. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Bondholders and that the Trustee and the Corporation shall not be liable in any way for inaccuracies in said numbers.

ARTICLE VII MISCELLANEOUS

Section 701 - Education Loan Interest Deferral. Chapter 16, Session Laws of Alaska 1988, transfers and appropriates certain Education Loans to the Corporation for the student loan fund established under Section 14.42.210 of the Act. Pursuant to the student loan notes and the statutes and regulations pursuant to which such Education Loans were or are to be made, interest on said Education Loans and on the Education Loans to be acquired with proceeds of the 2002 Bonds will not accrue (or, if accruing, will be payable by the State and not by the borrower) during certain periods as set forth in the statutes and regulations applicable to those Education Loans. Notwithstanding any provisions of the Alaska Statutes which indicate that the State of Alaska will make payment of interest on such Education Loans during such deferral periods and for the period before the beginning of the repayment period of each such Education Loan, the Corporation does not expect to receive any such payments from the State of Alaska, and the State of Alaska cannot be required to make any such payments. In addition, Alaska Statutes have indicated that the State of Alaska will make certain principal payments on behalf of the borrower of a Education Loan in connection with the forgiveness program; the Corporation does not expect to receive any such payment from the State of Alaska. The Corporation has waived and the Corporation, the Trustee,

and the Bondholders (by virtue of their ownership of Bonds) do hereby waive any right to receive any payments described in the preceding sentences from the State of Alaska, and any right to claim that any said payments ever were, are or will be payable by any other party except as expressly provided under the terms of any applicable law, regulation or document.

Section 702 - No Recourse Against Members or Other Persons. No recourse shall be had for the payment of the principal of or interest on the 2002 Bonds or for any claim based thereon or on this Supplemental Indenture against any member of the Corporation or any person executing the 2002 Bonds and neither the members of the Corporation nor any person executing the 2002 Bonds shall be liable personally on the 2002 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 703 - Reports; Future Issues; Continuing Disclosure. (A) As long as Moody's Investors Service or Standard & Poor's Ratings Group is a Rating Agency with respect to the 2002 Bonds, the Corporation covenants to provide Moody's Investors Service or Standard & Poor's Ratings Group, respectively, with reasonably requested and required reports concerning the Corporation's finances and operations in a timely manner, provided that the request for any such report is in writing and is specific.


(B) As long as Standard & Poor's Ratings Group is a Rating Agency with respect to the 2002 Bonds, the Corporation covenants to provide Standard & Poor's Ratings Group, prior to all future bond issues under the Master Indenture, with all reasonably required information necessary for Standard & Poor's Ratings Group to review and affirm their rating on the 2002 Bonds.

(C) The Corporation hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Supplemental Indenture or of the Master Indenture, failure of the Corporation or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Dissemination Agent shall, at the request of any Purchaser or the holders of at least 25% aggregate principal amount of Outstanding 2002 Bonds and upon receipt of indemnity satisfactory to it and payment of its fees and expenses, including attorneys fees, or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation or the Dissemination Agent, as the case may be, to comply with its obligations under this Section 703(C).

Section 704 - Effective Date. This Supplemental Indenture shall be effective as of the date first above written.


IN WITNESS WHEREOF, ALASKA STUDENT LOAN CORPORATION has caused this Supplemental Indenture to be executed by its Executive Officer, and ZIONS FIRST NATIONAL BANK has caused this Supplemental Indenture to be executed by an authorized representative, all as of the day and year first above written.

ALASKA STUDENT LOAN CORPORATION

By 

DIANE BARRANS
Executive Officer

ZIONS FIRST NATIONAL BANK,
as Trustee

By 

DAVID W. BATA
Vice President

EXHIBIT A

PROVISIONS RELATING TO 2002 BONDS OUTSTANDING AS AUCTION RATE CERTIFICATES

Section 1.1. ***Certain Definitions.*** In addition to the terms defined elsewhere in the Master Indenture and the Supplemental Indenture (together, the "Indenture"), the following terms shall have the following meanings with respect to the 2002 Bonds unless the context otherwise requires:

"AA' Financial Commercial Paper Rate," on any date of determination, shall mean (a) for Auction Periods of 35 days or less, the interest equivalent of commercial paper having a maturity of 30 days, (b) for Auction Periods greater than 35 days and less than 75 days, the interest equivalent of commercial paper having a maturity of 60 days, (c) for Auction Periods greater than 75 days and less than 105 days, the interest equivalent of commercial paper having a maturity of 90 days; as each such rate is published on the Business Day prior to such date by the Board of Governors of the Federal Reserve System on its World Wide Web site <http://www.federalreserve.gov/releases/cp/histrates.txt>, or any successor publication ("H.15(519)") under the caption "AA financial." In the event that such publication has not been published in a timely manner, the "AA" Financial Commercial Paper Rate shall be calculated by the Market Agent, and shall be the bond equivalent yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on the determination date of three leading dealers of U.S. dollar commercial paper in the City of New York (which may include UBS PaineWebber Inc.) selected by the Market Agent, for U.S. dollar commercial paper having a maturity of 30, 60 or 90 days, as applicable, placed for financial issuers whose bond rating is "AA" or the equivalent, from a nationally recognized securities rating agency; provided, however, that if the dealers selected as aforesaid by the Market Agent are not quoting as mentioned in this sentence (and if the Market Agent, in its discretion, determines that such quotations can not be obtained from any three leading dealers of U.S. dollar commercial paper in the City of New York) such rate shall be the same rate as in effect for the immediately preceding Interest Payment Period. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (A) 100 times (B) the discount rate times (C) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the applicable number of days in a year (365 or 366) divided by (y) the difference between (1) 360 and (2) the product of the discount rate (expressed in decimals) times the applicable number of days in which such commercial paper matures.

"After-Tax Equivalent Rate," on any date of determination, shall mean the interest rate per annum equal to the product of:

- (a) the "AA" Financial Commercial Paper Rate on such date; and

(b) 1.00 minus the Statutory Corporate Tax Rate on such date.

"All Hold Rate," on any date of determination, shall mean the interest rate per annum equal to 90% (as such percentage may be adjusted pursuant to Section 1.12 of this Exhibit "A") of the lesser on such date of:

(a) the After-Tax Equivalent Rate on such date; and

(b) the Kenny Index on such date;

rounded to the nearest one thousandth (.001) of 1%; provided that in no event shall the All Hold Rate be more than the Maximum Rate or less than zero.

"Applicable ARCs Rate" shall have the meaning set forth in Section 1.4(b) of this Exhibit "A".

"Applicable Number of Business Days" means the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

"Applicable Percentage," on any date of determination, shall mean the percentage determined (as such percentage may be adjusted pursuant to Section 1.12 of this Exhibit "A") based on the lower of the prevailing credit ratings on the related Series of ARCs in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

Credit Ratings		
<u>Moody's Investors Service</u>	<u>Standard & Poor's Corporation</u>	<u>Applicable Percentage</u>
"Aaa"	"AAA"	175%
"Aa3" to "Aa1"	"AA-" to "AA+"	175%
"A3" to "A1"	"A-" to "A+"	175%
"Baa3" to "Baa1"	"BBB-" to "BBB+"	200%
Below "Baa3"	Below "BBB-"	265%

provided, that, in the event that the related Series of ARCs are not rated by any nationally recognized rating agency, the Applicable Percentage shall be 265%, and, provided further, that if a Payment Default shall have occurred and be continuing, the Applicable Percentage shall be 265%. For purposes of this definition, Standard & Poor's Corporation's rating categories of "AAA," "AA," "A" and "BBB," and Moody's Investors Service's rating categories of "Aaa," "Aa," "A" and "Baa," refer to and include the respective rating categories correlative thereto if either or both of such rating agencies have changed or modified their generic rating categories or if Moody's

Investors Service or Standard & Poor's Corporation no longer rates the ARCs and have been replaced.

"ARCs" shall mean the 2002A Bonds and the 2002B Bonds outstanding as Auction Rate Certificates prior to their conversion, if ever, to bear interest at a Variable Rate.

"Auction" shall mean each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" shall mean the Auction Agency Agreement relating to the ARCs between the Trustee and the Auction Agent and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

"Auction Agent" shall mean any person appointed as such pursuant to Section 1.14 of this Exhibit "A".

"Auction Agent Fee" shall mean the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement.

"Auction Date" shall mean (i) for the 2002A Bonds outstanding as ARCs July 11, 2002; (ii) for the 2002B Bonds outstanding as ARCs July 18, 2002, and thereafter, in each instance, the Business Day immediately preceding the first day of each Interest Period, other than:

- (a) each Interest Period commencing after the ownership of the ARCs of such Series is no longer maintained in book entry form by the Depository;
- (b) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or
- (c) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed pursuant to Section 1.22 of this Exhibit "A".

"Auction Period" means, with respect to any ARCs, the Interest Period applicable thereto as the same may be changed pursuant to Section 1.22 of this Exhibit "A".

"Auction Period Adjustment" means an adjustment to the Auction Period as provided in Section 1.22 of this Exhibit "A".

"Auction Procedures" shall mean the procedures set forth in Section 1.6 of this Exhibit "A".

"Auction Rate" shall mean the rate of interest per annum on any Auction Date that results from the implementation of the Auction Procedures, and determined as described in Section 1.6(c)(ii) of this Exhibit "A".

"Authorized Denominations" shall mean \$50,000 and any integral multiple thereof.

"Available ARCs" shall have the meaning set forth in Section 1.6(c)(i)(A) of this Exhibit "A".

"Bid" shall have the meaning set forth in Section 1.6(a)(i) of this Exhibit "A".

"Bidder" shall have the meaning set forth in Section 1.6(a)(i) of this Exhibit "A".

"Broker-Dealer" shall mean UBS PaineWebber Inc. or any other broker or dealer (each as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that (i) is a Participant (or an affiliate of a Participant), (ii) has a capital surplus of at least \$50,000,000, (iii) has been selected by the Corporation with the approval of the Market Agent (which approval shall not be unreasonably withheld) and (iv) has entered into a Broker-Dealer Agreement that remains effective.

"Broker-Dealer Agreement" shall mean the Broker-Dealer Agreement relating to the ARCs between the Auction Agent and the Broker-Dealer and each other agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented.

"Broker-Dealer Fee" shall mean the fee to be paid to the Broker-Dealers for the services rendered by them under the Broker-Dealer Agreement.

"Business Day" shall mean, for purposes of any Auction, any day other than (i) April 14, April 15, December 30, December 31, and such other dates as may be agreed to in writing by the Market Agent, the Auction Agent, the Broker-Dealer and the Corporation, or (ii) a Saturday, Sunday, holiday or day on which banks located in the city of New York, New York, or the New York Stock Exchange, the Trustee or the Auction Agent, are authorized or permitted by law or executive order to close.

"Change of Preference Law" shall mean, with respect to any Holder of ARCs, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date of delivery of the ARCs which (i) changes or would change any

deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of bonds the interest on which is excluded from federal gross income under Section 103 of the Code.

"Default Rate" on any date of determination shall mean the interest rate per annum equal to the lesser of (i) the Applicable Percentage of the Kenny Index and (ii) the Maximum Interest Rate.

"Depository" shall mean Cede & Co., as the nominee of DTC or any successor securities depository selected or approved by the Corporation.

"Existing Holder" means (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the Existing Holder registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (b) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of ARCs.

"Favorable Opinion" shall mean a Bond Counsel's Opinion addressed to the Corporation and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the applicable 2002 Bonds.

"Holder" as used in this Exhibit "A" shall mean the beneficial owner of any ARCs.

"Hold Order" shall have the meaning set forth in Section 1.6(a)(i) of this Exhibit "A".

"Initial Interest Payment Date" shall mean December 1, 2002.

"Initial Interest Period" shall mean the period from and including the date of delivery of the ARCs and ending on and including (i) July 11, 2002 with respect to the Series 2002A Bonds; (ii) July 18, 2002 with respect to the Series 2002B Bonds.

"Interest Amount" shall mean the amount of interest distributable in respect of each \$50,000 in principal amount (taken, without rounding, to .0001 of one cent) of ARCs for any Interest Period or part thereof, as calculated in accordance with Section 1.10 of this Exhibit "A".

"Interest Payment Date" means with respect to the 2002A Bonds and 2002B Bonds while outstanding as ARCs, each June 1 and December 1, commencing with the Initial Interest Payment Date, except as changed as described in Section 1.22(a) of this

Exhibit "A", and on the maturity date thereof, or if any such date is not a Business Day, the next succeeding Business Day (but only for interest accrued through the preceding last day of May or November, as the case may be).

"Interest Period" means with respect to ARCs, (i) so long as interest is payable on June 1 and December 1 with respect thereto and unless otherwise changed as described in Section 1.22(a) of this Exhibit "A", the respective Initial Interest Period and each successive 35-day period (except as provided below) thereafter, respectively, commencing on a Friday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Thursday) and ending on (and including) a Thursday (unless such Thursday is not followed by a Business Day, in which case such Interest Period shall end on the next succeeding day that is followed by a Business Day) (or such other changed period), and (ii) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period as described in Section 1.22 of this Exhibit "A", each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"Kenny Index" shall mean the index most recently made available by Kenny S&P Evaluation Services ("Kenny") or any successor thereto (the "Indexing Agent") based upon 30-day yield evaluations at par of securities, the interest on which is excluded from gross income for federal income tax purposes under the Code, of not less than five "Intermediate Grade" component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The securities on which the Kenny Index is based shall not include any securities the interest on which is subject to a "minimum tax" or similar tax under the Code, unless all such securities are subject to such tax. In the event that Kenny no longer publishes an index satisfying the above definition of the Kenny Index or the Market Agent reasonably concludes that the Kenny Index will not be announced in a timely manner, then the Market Agent shall announce a rate based upon the same criteria used by Kenny to determine the Kenny Index and the rate announced by the Market Agent for each Auction Date thereafter shall be used in lieu of the Kenny Index for each Auction Date.

"Market Agent" shall mean the market agent or market agents appointed pursuant to Section 1.13 of this Exhibit "A", and its or their successors or assigns.

"Market Agent Agreement" shall mean the Market Agent Agreement relating to the ARCs, between the Trustee and the Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

"Maximum Interest Rate" shall mean the lesser of (a) 14% per annum or (b) the maximum rate of interest permitted under Alaska law.

"Maximum Rate," on any date of determination, shall mean the interest rate per annum equal to the lesser of:

(a) the Applicable Percentage of the higher of (i) the After-Tax Equivalent Rate on such date and (ii) the Kenny Index on such date; and

(b) the Maximum Interest Rate;

rounded to the nearest one thousandth (.001) of 1%.

"Order" shall have the meaning set forth in Section 1.6(a) of this Exhibit "A".

"Participant" shall mean a member of or participant in, the Depository.

"Payment Default" shall mean failure to make payment of interest on, premium, if any, and principal of the ARCs when due, by the Corporation.

"Person" means and includes, unless otherwise specified, an individual, corporation, company, trust, estate, partnership or association.

"Potential Holder" means any Person (including an Existing Holder that is (a) a Broker-Dealer when dealing with the Auction Agent and (b) a potential beneficial owner when dealing with a Broker-Dealer) who may be interested in acquiring ARCs (or, in the case of an Existing Holder thereof, an additional principal amount of ARCs).

"Record Date" shall mean, with respect to 2002 Bonds outstanding as ARCs, (a) so long as interest is payable with respect thereto on each June 1 and December 1, one Business Day prior to each Interest Payment Date and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period, as provided in Section 1.22 of this Exhibit "A", the Applicable Number of Business Days immediately preceding each Interest Payment Date.

"Redemption Date," when used with respect to any ARCs to be redeemed, shall mean the date fixed for such redemption.

"Registrar" shall mean the Trustee or any separate registrar appointed under the Indenture with respect to the 2002 Bonds.

"Remarketing Agent" with respect to the 2002 Bonds shall mean UBS PaineWebber Inc., or such other remarketing agent appointed by the Corporation pursuant to Section 1.16(a) of this Exhibit "A".

"SEC" shall mean the Securities and Exchange Commission.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Sell Order" shall have the meaning set forth in Section 1.6(a) of this Exhibit "A".

"Statutory Corporate Tax Rate" shall mean, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year.

"Submission Deadline" shall mean 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" shall have the meaning set forth in Section 1.6(c)(i) of this Exhibit "A".

"Submitted Hold Order" shall have the meaning set forth in Section 1.6(c)(i) of this Exhibit "A".

"Submitted Order" shall have the meaning set forth in Section 1.6(c)(i) of this Exhibit "A".

"Submitted Sell Order" shall have the meaning set forth in Section 1.6(c)(i) of this Exhibit "A".

"Sufficient Clearing Bids" shall have the meaning set forth in Section 1.6(c)(i)(B) of this Exhibit "A".

"Undelivered Bonds" means the 2002 Bonds described in Section 1.20 of this Exhibit "A".

"Variable Rate" shall have the meaning set forth in Exhibit "G" hereto.

"Variable Rate Conversion Date" means a date on which the 2002A Bonds or the 2002B Bonds begin to bear interest at a Variable Rate pursuant to Section 1.16 of this Exhibit "A".

"Winning Bid Rate" shall have the meaning set forth in Section 1.6(c)(i)(C) of this Exhibit "A".

Section 1.2. Description of ARCs; Global Form; Depository.

(a) As provided in this Supplemental Indenture the 2002 Bonds shall be initially issued as ARCs.

(b) Except as otherwise provided in this Section 1.2, the ARCs, in the form of one or more securities, shall be registered in the name of the Depository, and ownership thereof shall be maintained in book-entry form by the Depository for the account of the Participants thereof. Initially, the ARCs shall be registered in the name of Cede & Co., as the nominee of DTC. Except as provided in subsection (c) of this Section 1.2, the ARCs may be transferred, in whole but not in part, only to the Depository, or to a successor to DTC selected or approved by the Corporation or to a nominee of such successor Depository.

(i) Neither the Corporation, the Registrar nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(A) the accuracy of the records of the Depository or any Participant with respect to any beneficial ownership interest in the ARCs;

(B) the delivery to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any notice with respect to the ARCs; or

(C) the payment to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any amount with respect to the principal, premium, if any, or interest on the ARCs.

So long as the certificates for the ARCs are not issued pursuant to subsection (c) of this Section 1.2, the Corporation and the Registrar may treat the Depository as, and deem the Depository to be, the absolute owner of the ARCs for all purposes whatsoever, including without limitation:

(i) the payment of principal, premium, if any, and interest on the ARCs;

(ii) giving notices of redemption and other matters with respect to the ARCs;

(iii) registering transfer with respect to the ARCs; and

(iv) the selection of ARCs for redemption.

(c) If at any time the Market Agent has notified the Corporation that the ARCs (or any Series of ARCs) should not be maintained in book entry form or the Depository notifies the Corporation that it is unwilling or unable to continue

as Depository with respect to the ARCs, or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Corporation within 90 days after the Corporation receives notice or becomes aware of such condition, as the case may be, then this Section 1.2 shall no longer be applicable and the Corporation shall execute and the Registrar shall authenticate and deliver certificates representing the ARCs as provided below. Certificates for the ARCs issued in exchange for a global certificate pursuant to this subsection (c) shall be registered in such names and Authorized Denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Corporation and the Registrar. The Registrar shall deliver such certificates representing the ARCs to the persons in whose names such ARCs are so registered on the Business Day immediately preceding the first day of an Interest Period. In the case of any conflict between this Section and Sections 206 and 207 of the Supplemental Indenture, the provisions of this Section shall control.

Section 1.3. Limitations on Transfer. So long as the ownership of the ARCs is maintained in book-entry form by the Depository, an Existing Holder may sell, transfer or otherwise dispose of its beneficial interest in ARCs only pursuant to a Bid or Sell Order placed in any Auction or to or through a Broker-Dealer; provided that in the case of all transfers other than pursuant to Auctions or mandatory tenders such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

Section 1.4. Interest on ARCs.

(a) Interest on the ARCs shall accrue for each Interest Period and shall be payable in arrears, on each Interest Payment Date.

(b) The respective rate of interest on the ARCs for the Initial Interest Period shall be (i) 1.45% per annum for the 2002A Bonds; and (ii) 1.50% per annum for the 2002B Bonds. The rate of interest on the related Series of ARCs for each subsequent Interest Period shall be the Auction Rate; provided that if, on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Interest Period shall equal the Maximum Rate on such Auction Date. Notwithstanding the foregoing, if:

(i) the ownership of a Series of ARCs is no longer maintained in book-entry form by the Depository, the rate of interest on such Series of ARCs for any Interest Period commencing after the delivery of certificates representing ARCs pursuant to Section 1.2(c) of this Exhibit "A" shall equal the Maximum Rate on the Business Day immediately preceding the first day of such Interest Period; or

(ii) a Payment Default occurs, Auctions will be suspended and the Applicable ARCs Rate (as defined below) for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or commencing less than the Applicable Number of Business Days after, such Payment Default is cured will equal the Default Rate.

Notwithstanding the preceding provisions of this paragraph (b), if an Auction is scheduled to occur for the next Interest Period on the date that was reasonably expected to be a Business Day, but that Auction does not occur because that date is later not considered to be a Business Day, the Auction shall nevertheless be deemed to have occurred. The applicable Auction Rate in effect for the next Interest Period will be the related Auction Rate in effect for the preceding Interest Period and that Interest Period will generally be 35 days in duration, beginning on the calendar day following the date of the deemed Auction and ending on (and including) the next applicable Auction Date. If the preceding Interest Period was other than generally 35 days in duration, the Auction Rate for the deemed Auction will instead be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of auction period.

The rate per annum at which interest is payable on a Series of ARCs for any Interest Period is herein referred to as the "Applicable ARCs Rate." Notwithstanding anything herein to the contrary, the Applicable ARCs Rate cannot exceed the Maximum Interest Rate.

(c) Notwithstanding anything herein to the contrary, if any ARC or portion thereof has been selected for redemption during the next succeeding Interest Period, said ARC or portion thereof, will not be included in the Auction preceding such Redemption Date, and said ARC or portion thereof, will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

Section 1.5. Payments. So long as the ARCs are registered in the name of the Depository or the nominee thereof, payment of interest (other than at maturity) and premium, if any, on, and of principal at redemption of, the ARCs shall be made to the Depository by wire transfer provided proper wire instructions are received. Each holder of ARCs, by such Holder's purchase of ARCs, appoints the Trustee as its agent in connection with the payment by such Holder of its share, if any, of the amounts payable to the Auction Agent and the Broker-Dealers pursuant to Section 1.8(a) of this Exhibit "A".

Section 1.6. Auction Procedures. Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Interest Period commencing after the ownership of such Series of ARCs is no longer maintained in

book-entry form by the Depository; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest Period commencing less than the Applicable Number of Business Days after the cure of a Payment Default). If there is an Auction Agent on such Auction Date, Auctions shall be conducted (for the related Series of ARCs) in the following manner:

(a) Orders by Existing Holders and Potential Holders.

(i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of ARCs may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period;

(2) the principal amount of Outstanding ARCs, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Interest Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of ARCs which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3) or (B) of this paragraph (i) is hereinafter referred to as an "Order" and collectively as "Orders" and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "Bid" and collectively as "Bids" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders."

(ii) Subject to the provisions of Section 1.6(b) of this Exhibit "A", a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.6 of this Exhibit "A" shall be less than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.6(d)(i)(D) of this Exhibit "A", if the Auction Rate determined as provided in this Section 1.6 shall be equal to the rate specified in such Bid; or

(3) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.6(d)(ii)(C) of this Exhibit "A" if the rate specified shall be higher than the Maximum Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of Section 1.6(b) of this Exhibit "A", a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.6(d)(ii)(C) of this Exhibit "A" if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of Section 1.6(b) of this Exhibit "A", a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.6 of this Exhibit "A" shall be higher than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.6(d)(i)(E) of this Exhibit "A" if the Auction Rate determined as provided in this

Section 1.6 of this Exhibit "A" shall be equal to the rate specified in such Bid.

(b) Submission by Broker-Dealer to Auction Agent.

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of ARCs that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of ARCs, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of ARCs, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of ARCs, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate and amount specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding ARCs held by any Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding ARCs held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) None of the Corporation, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding ARCs held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of ARCs held by such Existing Holder, and if the aggregate principal amount of ARCs subject to such Hold Orders exceeds the aggregate principal amount of ARCs held by such Existing Holder, the aggregate principal amount of ARCs subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding ARCs held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding ARCs subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess and the stated amount of ARCs subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of ARCs equal to such excess;

(3) subject to subclauses (1) and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding ARCs, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for ARCs is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected.

(viii) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and any such Bid shall be considered as valid and shall be selected in the ascending order of the respective rates in the Submitted Bids.

(ix) An Existing Holder that offers to purchase additional ARCs is, for purposes of such offer, treated as a Potential Holder.

(x) Any Bid specifying a rate higher than the Maximum Interest Rate will (a) be treated as a sell order if submitted by an Existing Holder and (b) not be accepted if submitted by a Potential Holder.

(c) Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order" and collectively as "Submitted Hold Orders," "Submitted Bids" or "Submitted Sell Orders," as the case may be, or as "Submitted Orders") and shall determine:

(A) the excess of the total principal amount of Outstanding ARCs over the sum of the aggregate principal amount of Outstanding ARCs subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available ARCs"); and

(B) from such Submitted Orders whether:

(1) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate, exceeds or is equal to the sum of:

(2) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Rate; and

(3) the aggregate principal amount of Outstanding ARCs subject to Submitted Sell Orders;

(in the event such excess or such equality exists, other than because the sum of the principal amounts of ARCs in subclauses (1) and (3) above is zero because all of the Outstanding ARCs are subject to Submitted Hold Orders, such Submitted Bids in subclause (1) above being hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(C) if Sufficient Clearing Bids have been made, the lowest rate specified in such Submitted Bids (which shall be the "Winning Bid Rate") such that if:

(1) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of ARCs subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted;

the result would be that such Existing Holders described in subclause (1) above would continue to hold an aggregate principal amount of Outstanding ARCs which, when added to the aggregate principal amount of Outstanding ARCs to be purchased by such Potential Holders described in subclause (2) above, would equal not less than the Available ARCs.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall advise the Trustee of the Maximum Rate and the All Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the "Auction Rate") as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold

Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all outstanding ARCs are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All Hold Rate.

(d) Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of ARCs. Existing Holders shall continue to hold the principal amount of ARCs that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Section 1.6(c)(i) of this Exhibit "A", Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraph (iv) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids;

(D) each Existing Holders' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bid, unless the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids shall be greater than the principal amount of ARCs (the "remaining principal amount") equal to the excess of the Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of ARCs subject

to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding ARCs subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of ARCs obtained by multiplying the excess of the aggregate principal amount of Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding ARCs subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the ARCs subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the aggregate principal amount of ARCs subject to Submitted Bids described in clause (B) of this paragraph (ii) by

a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding ARCs are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of ARCs that is not equal to an Authorized Denomination therefor the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, round up or down the principal amount of ARCs to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of ARCs purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing any ARCs.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARCs to be purchased and the aggregate principal amount of ARCs to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of ARCs to be sold differs from such aggregate principal amount of ARCs to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, ARCs.

Section 1.7. *Certain Orders Not Permitted.* The Corporation may not submit an Order in any Auction. The Auction Agent shall have no duty or liability in monitoring or enforcing compliance with this Section 1.7.

Section 1.8. *Notice of Payment Defaults and Cures; Payment of Service Charges.*

(a) The Corporation shall pay to the Auction Agent, on behalf of the Holders of the ARCs in same day funds out of amounts in the Revenue Fund (as provided in Paragraph Second of Section 503(C) of the Master Indenture), (i) on the first Business Day of March, June, September, and December commencing September 1, 2002, an amount equal to the Auction Agent Fee as calculated in the Auction Agency Agreement and (ii) on the first Business Day of March, June,

September, and December commencing September 1, 2002, an amount equal to the Broker-Dealer Fee as calculated in the Broker-Dealer Agreement.

(b) By 12:30 p.m. New York City time on the Business Day immediately succeeding each Interest Payment Date, the Trustee will determine if a Payment Default has occurred. If a Payment Default has occurred, the Trustee shall notify the Auction Agent and Broker-Dealer by 1:00 p.m. New York City time of such Payment Default. If a Payment Default has been cured, the Trustee shall so notify the Auction Agent and the Broker-Dealer by 5:00 p.m. New York City time on the day such Payment Default is cured.

Section 1.9. *Calculation of Maximum Rate, All Hold Rate and Default Rate.* The Auction Agent shall calculate the Maximum Rate and the All Hold Rate on each Auction Date. Upon receipt of notice from the Trustee of a failed Variable Rate conversion as described in Section 1.16(e)(ii) and 1.18 of this Exhibit "A", and if the next succeeding Auction Date for the related Series of ARCs shall be two or fewer Business Days after (or on) the failed Variable Rate Conversion Date, the Auction Agent shall not hold an Auction on such Auction Date for such ARCs but shall calculate the Maximum Rate as of the first Business Day of the next succeeding Interest Period and give notice thereof as provided and to the parties specified in Section 2.3(b) of the Auction Agency Agreement. If the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the Trustee shall calculate the Maximum Rate on the Business Day immediately preceding the first day of each Interest Period commencing after the delivery of certificates representing the ARCs pursuant to Subsection 1.2(c) of this Exhibit "A". If a Payment Default shall have occurred, the Trustee shall calculate the Default Rate on the first day of (i) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (ii) any Interest Period commencing less than the Applicable Number of Business Days after the cure of any Payment Default. The Auction Agent shall determine the "AA" Financial Commercial Paper Rate for each Interest Period other than the first Interest Period; provided, that if the ownership of the ARCs is no longer maintained in book-entry form, or if a Payment Default has occurred, then the Trustee shall determine the "AA" Financial Commercial Paper Rate for each such Interest Period. The determination by the Trustee or the Auction Agent, as the case may be, of the "AA" Financial Commercial Paper Rate shall (in the absence of manifest error) be final and binding upon all parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Trustee of the "AA" Financial Commercial Paper Rate. The Trustee may hire an agent for the purpose of calculating any rates set forth herein.

Section 1.10. *Computation of Interest.* The amount of interest distributable to Holders of ARCs in respect of each \$50,000 in principal amount thereof for any Interest Period or part thereof shall be calculated by applying the respective Applicable ARCs Rate for such Interest Period or part thereof to the principal amount of \$50,000, multiplying such product by the actual number of days in the Interest Period or part thereof concerned divided by 365 or 366, as applicable, and truncating the resultant

figure to the nearest one cent. Interest on the ARCs shall be computed by the Trustee on the basis of a 365-day year for the number of days actually elapsed; except that for any such calculation with respect to an Interest Payment Date occurring after January 1 of any leap year through December 31 of such leap year, such interest (for any day occurring during such period) shall be computed on the basis of a 366-day year period. In the event an Interest Payment Date occurs in any Interest Period on a date other than the first day of such Interest Period, the Trustee, after confirming the calculation required above, shall calculate the portion of the Interest Amount payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Trustee shall make the calculation required in this Section 1.10 not later than the close of business on each Auction Date.

Section 1.11. *Notification of Rates, Amounts and Payment Dates.*

(a) The Trustee shall determine the aggregate amount of interest distributable on the next succeeding Interest Payment Date to the Holders of the ARCs. So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall advise the Depository of the respective Applicable ARC's Rate and the Interest Amount in respect of the next succeeding Interest Period for the ARCs at least two Business Days prior thereto.

(b) Promptly after the date of original issuance of the ARCs and each Interest Payment Date, and in any event at least 10 days prior to each Interest Payment Date following the Initial Interest Payment Date, the Trustee shall:

(i) so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, confirm the Auction Agent's determination of (A) the date of such next Interest Payment Date and (B) the amount payable to the Auction Agent on each Interest Payment Date pursuant to Section 1.8 hereof and notify the Auction Agent of any discrepancy therein; and

In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Trustee shall have given the notice referred to in clause (i) of the preceding sentence, not later than 9:15 a.m., New York City time, on the Business Day next preceding the earlier of the new Interest Payment Date or the old Interest Payment Date, the Trustee shall, by such means as the Trustee deems practicable, give notice of such change to the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository.

Section 1.12. *Adjustment in Percentages.*

(a) The Market Agent shall adjust the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the percentage of the Kenny Index used in determining the Default Rate, if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that ARCs paying the Maximum Rate, ARCs paying the All Hold Rate and ARCs paying the Default Rate shall have equal market values before and after such Change of Preference Law. Prior to any such adjustment, the Corporation shall give notice thereof to the Rating Agency, and no such adjustment shall be made unless such adjustment will not adversely affect the rating on any of the Bonds. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account:

(i) short-term taxable and tax-exempt market rates and indices of such short-term rates;

(ii) the market supply and demand for short-term tax-exempt securities;

(iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the ARCs;

(iv) general economic conditions; and

(v) economic and financial factors present in the securities industry that may affect or that may be relevant to the ARCs.

(b) The Market Agent shall effectuate an adjustment in the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate pursuant to subsection (a) of this Section 1.12 by delivering to the Corporation, the Trustee and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect such change a Favorable Opinion and a certificate in substantially the form attached hereto as Exhibit "C", authorizing the adjustment of the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate, which shall be specified in such certificate.

Section 1.13. **Market Agent.** The Trustee is hereby directed by the Corporation to enter into a Market Agent Agreement with UBS PaineWebber Inc., as the initial Market Agent. The Market Agent shall serve as such under the terms and provisions hereof and of the Market Agent Agreement. The Market Agent, including any

successor appointed pursuant hereto, shall be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$25,000,000, and be authorized by law to perform all the duties imposed upon it by this Supplemental Indenture and the Market Agent Agreement. The Market Agent may be removed at any time by the Trustee, acting at the direction of (a) the Corporation, or (b) the holders of 66-2/3% of the aggregate principal amount of the ARCs; provided, that such removal shall not take effect until the appointment of a successor Market Agent. The Market Agent may resign upon 30 days' written notice delivered to the Corporation and the Trustee. The Corporation shall use its best efforts to appoint a successor Market Agent that is a qualified institution, effective as of the effectiveness of any such resignation or removal. Notwithstanding that the Market Agent is the agent of the Trustee under the Market Agent Agreement, the Trustee shall not be liable in any way for any action taken, suffered, or omitted, or for any error of judgment made by the Market Agent, whether in the performance of its duties under the Market Agent Agreement or otherwise.

Section 1.14. ***Auction Agent.***

(a) Bank of New York shall serve as the initial Auction Agent for the ARCs. The Trustee is hereby directed to enter into an agreement with the Auction Agent. Such Auction Agency Agreement shall provide as follows: The Auction Agent shall be (i) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, The City of New York, and having a combined capital stock, surplus and undivided profits of at least \$15,000,000 or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000 and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by this Supplemental Indenture by giving at least 90 days' written notice to the Corporation, the Trustee and the Market Agent (30 days' written notice if the Auction Agent has not been paid its fee for more than 30 days after such fee is due). The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the direction of (i) the Corporation, or (ii) the holders of 66-2/3% of the aggregate principal amount of the ARCs, by an instrument signed by the Trustee and filed with the Auction Agent, the Corporation and the Market Agent upon at least 90 days' notice; provided that, if required by the Market Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with the Corporation acting in lieu of the Trustee.

(b) In the event that the Auction Agent shall resign or be removed or dissolved, or if the property or affairs of the Auction Agent shall be taken under

the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Corporation shall use its best efforts to appoint a successor as Auction Agent, and the Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

(c) The Auction Agent shall be acting as agent for the Trustee and the Corporation in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

(d) Notwithstanding that the Auction Agent is the agent of the Trustee hereunder and under the Auction Agency Agreement, the Trustee shall not be liable in any way for any action taken, suffered or omitted, or for any error of judgment made by the Auction Agent, whether in the performance of its duties under the Auction Agency Agreement or otherwise.

Section 1.15. ***Broker-Dealers.***

(a) The Auction Agent shall enter into a Broker Dealer Agreement with UBS PaineWebber Inc., as the initial Broker-Dealer. The Market Agent may from time to time approve one or more additional persons to serve as Broker-Dealer under Broker-Dealer Agreements.

(b) Any Broker-Dealer may be removed at any time, by a Corporation Order, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such.

Section 1.16. ***Variable Rate Conversion at Option of Corporation*** . Each Series (and Subseries, if any) of the 2002 Bonds outstanding as ARCs may be converted to bear interest at a Variable Rate upon the delivery by the Corporation to the Trustee of a Favorable Opinion at least 20 days prior to the conversion to a Variable Rate Period. Upon conversion to a Variable Rate Period the 2002A Bonds shall remain Class I Bonds unless otherwise approved by a Favorable Opinion. Upon conversion to a Variable Rate Period of one year or less the Corporation, at its option, may cause the 2002B Bonds to become Class II Bonds under the Indenture with a Favorable Opinion and upon conversion to a Variable Rate Period of more than one year the 2002B Bonds shall remain Class III Bonds under the Indenture unless otherwise approved by a Favorable Opinion. Any such conversion shall be made as follows:

(a) The Corporation shall confirm the appointment of UBS PaineWebber Inc. as Remarketing Agent, or shall otherwise select and appoint a qualified Remarketing Agent.

(b) The Corporation shall give written notice of any such conversion and shall specify the proposed Variable Rate Conversion Date to the Trustee, the Auction Agent, the Remarketing Agent, Moody's (if the ARCs are then rated by Moody's) and Standard & Poor's (if the ARCs are then rated by Standard & Poor's) not fewer than 20 days prior to the proposed Variable Rate Conversion Date. The Variable Rate Conversion Date shall be the Business Day next succeeding the last day of the applicable Interest Period. No such conversion shall occur unless the Corporation and the Trustee have received confirmation that such conversion will not adversely affect the Rating on any of the Bonds (other than the 2002 Bonds being converted).

(c) After conversion of the ARCs to a Variable Rate, the 2002 Bonds shall continue to mature on the date or dates and be subject to redemption all as provided in Article II of this Supplemental Indenture. Notwithstanding the foregoing, the Corporation may, upon receipt of a Favorable Opinion, establish a different principal repayment schedule for the affected 2002 Bonds upon conversion to a Variable Rate. In such case, a projected repayment schedule shall be communicated by an Authorized Officer of the Corporation to the Trustee and the Remarketing Agent not later than 15 days prior to the Variable Rate Conversion Date. A final repayment schedule shall be communicated by written notice by an Authorized Officer of the Corporation to the Trustee and the Remarketing Agent not later than 4:00 P.M. on the date the Variable Rates are determined as provided in subsection (e) of this Section 1.16.

(d) Not later than the 15th day preceding the Variable Rate Conversion Date, notice of the conversion shall be given by first-class mail by the Trustee to the Auction Agent and the Registered Owners of all 2002 Bonds subject to conversion. Such notice shall inform the Auction Agent and the Holders of:

- (i) the proposed Variable Rate Conversion Date;
- (ii) the conditions to the conversion pursuant to Section 1.16(e)(ii) of this Exhibit "A"; and
- (iii) the matters required to be stated pursuant to Section 1.17(b) of this Exhibit "A" with respect to mandatory tender and purchases of 2002 Bonds subject to conversion governed by such Section.

(e) Not later than seven days immediately preceding the Variable Rate Conversion Date, the Remarketing Agent shall preliminarily determine the related Variable Rate and shall, not later than 2:00 P.M., notify the Trustee and the Corporation of such rate or rates by telephone (promptly confirmed in writing), telegram, telecopy, or other similar means of communication, but such Variable Rate shall not be considered to be conclusively determined unless approved in writing by an Authorized Officer of the Corporation and unless the Corporation by Corporation Order has determined and communicated by written notice of an Authorized Officer of a final repayment schedule for the 2002 Bonds subject to conversion as provided in subsection (c) of this Section 1.16 of this Exhibit "A" and such repayment schedule has been approved in writing by the Remarketing Agent. The rate of interest for Variable Rate Bonds shall be determined in accordance with Section 1.4 of Exhibit "G" hereto. Promptly after the date of determination, the Trustee shall give notice of the Variable Rate to the Corporation, the Auction Agent, Moody's (if such 2002 Bonds are then rated by Moody's) and Standard & Poor's (if such 2002 Bonds are then rated by Standard & Poor's).

(ii) As of the Variable Rate Conversion Date, sufficient funds shall, not later than 12:00 Noon, be available to purchase all 2002 Bonds subject to conversion pursuant to Section 1.17 of this Exhibit "A". If this condition is not met for any reason, or if the Favorable Opinion is not received by the Corporation and the Trustee, the conversion shall not be effective, the 2002 Bonds subject to conversion shall continue to be outstanding as ARCs, the Trustee shall, not later than 4:00 P.M., provide notice of the failed conversion to the Auction Agent, the Paying Agent, and the Holders of the 2002 Bonds subject to conversion. The ARCs shall thereupon bear interest at the Applicable ARCs Rate for the balance of the Interest Period then applicable thereto (without regard to the attempted conversion), if any, and shall bear interest for the next succeeding Interest Period at (A) the Applicable ARCs Rate determined in accordance with the Auction Procedures (subject to Section 1.4 hereof) if the next succeeding Auction Date occurs more than two Business Days after the failed Variable Rate Conversion Date or (B) the Maximum Rate, determined by the Auction Agent as provided in Section 1.9 of this Exhibit "A", if the next succeeding Auction Date occurs two or fewer Business Days after (or on) such failed Variable Rate Conversion Date.

(f) The determination of the Variable Rate for the ARCs subject to conversion pursuant to this Section 1.16 of this Exhibit "A" shall be conclusive and binding upon the Corporation, the Trustee, the Paying Agent and the respective Holders of such ARCs. The Corporation, the Trustee, the Auction Agent and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice.

(g) Unless otherwise approved by Favorable Opinion, any conversion to a Variable Rate on a Variable Rate Conversion Date shall result in an Interest Period on the Variable Rate Bonds (as defined in Exhibit "G" hereto) of one year or less.

Section 1.17. *Mandatory Tender Upon Conversion; Certain Notices.*

(a) *Mandatory Tender Upon Conversion.* 2002 Bonds to be converted to bear interest at a Variable Rate pursuant to Section 1.16 of this Exhibit "A" shall be subject to mandatory tender for purchase on the Variable Rate Conversion Date at a price equal to the principal amount thereof.

(b) *Notice to Registered Owners.* Any notice of conversion given to Registered Owners pursuant to Section 1.16(d) of this Exhibit "A" shall, in addition to the requirements of such Section, specify that all Outstanding 2002 Bonds subject to such conversion are subject to mandatory tender pursuant to the provisions thereof and of this Supplemental Indenture and will be purchased on the Variable Rate Conversion Date by payment of a purchase price equal to the principal amount thereof plus accrued interest to the Variable Rate Conversion Date and that the Registered Owner has no right to retain the Bond on and after the Variable Rate Conversion Date.

If any 2002 Bonds in an Auction Rate Period are subject to mandatory tender and those 2002 Bonds are held by a securities depository, the Trustee shall include in the notice of the mandatory tender delivered to the securities depository (a) under an item entitled "Publication Date for Securities Depository Purposes" the Interest Payment Date prior to the redemption date and (b) an instruction to the securities depository to (x) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the securities depository participants whose securities depository positions are subject to mandatory tender and the principal amount of such Bonds to be tendered from each such position (the "Securities Depository Tender Information") and (y) notify the Auction Agent immediately after the determination of the positions of the securities depository participants in such Bonds immediately prior to such Auction settlement, the positions of the securities depository participants in such Bonds immediately following such Auction settlement, and the Securities Depository Tender Information.

(c) *Remarketing.* Upon receipt of notice of the Variable Rate Conversion Date from the Corporation pursuant to Section 1.16(b) of this Exhibit "A", the Trustee shall notify the Remarketing Agent, the Corporation and the Paying Agent of the principal amount of 2002 Bonds required to be tendered for purchase on the Variable Rate Conversion Date. Upon receipt of such notice, the Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale of all such 2002 Bonds required to be tendered for

purchase. The terms of any sale arranged by the Remarketing Agent shall provide for the payment of the purchase price of such 2002 Bonds to the Trustee, or its designated agent, in immediately available funds at or before 10:00 A.M. on the purchase date.

(d) Certain Notices by Trustee, Remarketing Agent and Tender Agent. Subject to the provisions of subsection (c) of this Section 1.17, the following notices shall be given in connection with a conversion to a Variable Rate pursuant to Section 1.16 of this Exhibit "A":

(i) Notices by Remarketing Agent and Trustee of 2002 Bonds not Remarketed. Not later than 12:00 Noon on the fifth day immediately preceding the Variable Rate Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, telecopy or other similar communication to the Trustee and the Corporation of the principal amount of 2002 Bonds required to be tendered for purchase which have not been remarketed as of such date.

(ii) Notice by Trustee of 2002 Bonds Subject to Mandatory Tender. Before 11:00 A.M. on the Business Day next preceding the Variable Rate Conversion Date, the Trustee shall give notice to the Paying Agent, the Corporation and the Remarketing Agent as to the aggregate purchase price of 2002 Bonds required to be tendered for purchase which is required to be deposited by the Remarketing Agent into a segregated remarketing account to be held by the Trustee, pursuant to subsection (e) of this Section 1.17 in the event all such 2002 Bonds are successfully remarketed by the Remarketing Agent.

(iii) Notices by Remarketing Agent and Trustee of Remarketed 2002 Bonds. At or before 12:00 Noon on the Business Day immediately preceding the Variable Rate Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, telecopy, or other similar communication to the Trustee, of the names, addresses and taxpayer identification numbers of the purchasers, and the principal amounts and denominations, of 2002 Bonds to be sold on the Variable Rate Conversion Date, the purchase price at which such 2002 Bonds are to be sold and their date of sale and the principal amount of such 2002 Bonds, if any, which have not been remarketed.

Upon receipt of any notice pursuant to the preceding paragraph, the Trustee shall no later than 2:30 P.M. on the date of receipt of such notice, give notice thereof by telephone, telegram, telecopy, or other similar communication to the Paying Agent and the Registrar.

(iv) *Trustee's Notice of Insufficiency of Payments Required for Conversion.* If, by 12:00 Noon on the Variable Rate Conversion Date, the Trustee shall not have received sufficient moneys from the Remarketing Agent which, together with any other available funds, would be sufficient to purchase all 2002 Bonds being converted pursuant to subsection (f) of this Section 1.17, the conversion shall not be effective and the Trustee and Auction Agent shall provide such notices and take such actions as are required in Sections 1.16(e)(ii) and 1.18 of this Exhibit "A".

(e) *Payments of Remarketing Proceeds* The Remarketing Agent shall cause to be paid to the Trustee by 12:00 Noon on the Variable Rate Conversion Date, all amounts then held by the Remarketing Agent representing proceeds of the remarketing of such 2002 Bonds, such payment to be made in the manner specified in subsection (c) of this Section 1.17. All such remarketing proceeds received by the Trustee shall be deposited in the segregated remarketing account held by the Trustee.

(f) *Payments of Purchase Price by Trustee.* On the Variable Rate Conversion Date, the Trustee shall pay the purchase price of the related 2002 Bonds required to be tendered for purchase, surrendered as provided in subsection (h) of this Section 1.17 hereof properly endorsed for transfer in blank with all signatures guaranteed, to the selling Holders thereof on or before 3:00 P.M. Such payments shall be made in immediately available funds, but solely from moneys in the segregated remarketing account held by the Trustee representing proceeds of the remarketing of the 2002 Bonds, pursuant to subsection (c) of this Section 1.17, to any Person other than the Corporation, and neither the Corporation, the Trustee, the Paying Agent nor the Remarketing Agent shall have any obligation to use funds from any other source.

(g) *Registration and Delivery of Tendered or Purchased Bonds.* Upon receipt of notice from the Trustee pursuant to subsection (d)(iii) of this Section 1.17, the Registrar shall register and authenticate and as promptly thereafter as practicable the Registrar shall deliver 2002 Bonds remarketed by the Remarketing Agent to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent.

(h) *Delivery of Bonds; Effect of Failure to Surrender Bonds.* All 2002 Bonds to be purchased on any Variable Rate Conversion Date shall be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 Noon on such date. If the Holder of any 2002 Bond that is subject to purchase pursuant to this Section 1.17 fails to deliver such Bonds to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Trustee, or its designated agent for such purposes, is in receipt of the purchase price therefor, such Bond shall nevertheless be deemed tendered and purchased on the Variable Rate

Conversion Date and shall be Undelivered Bonds pursuant to Section 1.20 of this Exhibit "A" and registration of the ownership of such Bond shall be transferred to the purchaser thereof as provided in subsection (g) of this Section 1.17 and Section 1.20 of this Exhibit "A". The Trustee shall, as to any Undelivered Bonds, (i) promptly notify the Remarketing Agent, the Auction Agent, the Paying Agent and the Registrar of such non-delivery and (ii) the Registrar shall place a stop transfer against an appropriate amount of 2002 Bonds registered in the name of the Holder(s) on the Bond Register. The Registrar shall place such stop transfer(s) commencing with the lowest serial number of the related series of 2002 Bonds registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of such 2002 Bonds, as the case may be) until the appropriate tendered 2002 Bonds are delivered to the Trustee, or its designated agent. Upon such delivery, the Registrar shall make any necessary adjustments to the Bond Register. Pending delivery of such tendered 2002 Bonds, the Trustee, or its designated agent, shall hold the purchase price therefor uninvested in a segregated subaccount for the benefit of such Holders.

Section 1.18. ***Inadequate Funds for Tenders; Failed Conversion.*** If the funds available for purchases of 2002 Bonds required to be tendered are inadequate for the purchase of all 2002 Bonds tendered on any Variable Rate Conversion Date, or if a proposed conversion to a Variable Rate otherwise fails as provided in Section 1.16(e)(ii) of this Exhibit "A", the Trustee shall: (a) return all tendered 2002 Bonds to the Holders thereof; (b) return all moneys received for the purchase of such Bonds to the persons providing such moneys; and (c) notify the Corporation, the Auction Agent, the Remarketing Agent and the Paying Agent of the return of such 2002 Bonds and moneys and the failure to make payment for tendered 2002 Bonds. After any such failed conversion the 2002 Bonds subject to the failed conversion shall remain outstanding as ARCs, Auctions shall be conducted beginning on the first Auction Date occurring more than two Business Days after the failed Variable Rate Conversion Date, and interest payable thereon shall be determined and paid according to this Supplemental Indenture.

Section 1.19. ***No Tender Purchases On Redemption Date.*** 2002 Bonds (or portions thereof) called for redemption shall not be subject to tender and purchase on the redemption date thereof.

Section 1.20. ***Undelivered Bonds.*** Any 2002 Bonds which are required to be tendered on a Variable Rate Conversion Date and that are not delivered on the Variable Rate Conversion Date, and for the payment of which there has been irrevocably held in trust in a segregated subaccount for the benefit of such Holder an amount of money sufficient to pay the purchase price, including any accrued interest due to (but not after) such purchase date with respect to such 2002 Bonds, shall be deemed to have been purchased pursuant to this Section 1.20, and shall be Undelivered Bonds. In the event of a failure by a Bondholder to tender its 2002 Bonds

on or prior to the required date, said Holder of such Undelivered Bonds shall not be entitled to any payment other than the purchase price due on the purchase date and Undelivered Bonds in the hands of such non-delivering Bond owner shall no longer accrue interest or be entitled to the benefits of the Indenture, except for the payment of the purchase price due on the purchase date; provided, however, that the indebtedness represented by such 2002 Bonds shall not be extinguished, and the Paying Agent and Registrar shall transfer, authenticate and deliver such 2002 Bonds as provided below. The Paying Agent shall give telephonic notice to the Trustee and the Registrar, promptly confirmed by mail, of all Undelivered Bonds.

With respect to any Undelivered Bond, the Paying Agent, acting hereunder and pursuant to the power of attorney granted by such Bondholder by such Holder's purchase of ARCs, shall do or cause the Registrar to do the following:

- (a) Assign, endorse, and register the transfer of such Bond to the purchaser or purchasers thereof;
- (b) Authenticate and deliver a new Bond or Bonds of such Series, as appropriate, to the purchaser or purchasers thereof;
- (c) Execute an acknowledgment that the Holder of Undelivered Bonds holds such Undelivered Bond for the benefit of the new purchaser or purchasers thereof, who shall be identified in such acknowledgment;
- (d) Promptly notify by first-class mail the Holder of such Undelivered Bond that:
 - (i) the Paying Agent has acted pursuant to such power of attorney to transfer the Undelivered Bond and to perform the other acts set forth in this Section;
 - (ii) the Undelivered Bond is no longer Outstanding; and
 - (iii) funds equal to the applicable purchase price for such Bond are being held on behalf of such Holder, without interest, in the segregated subaccount established for such purpose by and with the Trustee or Paying Agent.
- (e) Enter on the Bond Register that the Undelivered Bond is no longer Outstanding; and
- (f) Subject to the other provisions of the Indenture, hold the purchase price for such Bond in the subaccount established for such purpose, without interest, and pay such purchase price and any unpaid interest due on the purchase date to such holder upon presentation of the certificate representing

the Undelivered Bond. Bonds presented on or before 12:00 Noon on any Business Day are to be paid on or before the close of business on that day.

Prior Holders of Bonds purchased or deemed purchased pursuant to this Supplemental Indenture shall not be entitled to interest thereon which accrues on and after the related purchase date, provided moneys are on hand in the subaccount established therefor to pay the purchase price and any unpaid interest due on the purchase date.

Section 1.21. - RESERVED

Section 1.22. ***Changes in Auction Periods or Auction Date.***

(a) Changes in Auction Period or Periods.

(i) While any of the 2002 Bonds are outstanding as ARCs, the Market Agent:

(A) in order to conform with then current market practice with respect to similar securities, shall; or

(B) in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the ARCs and upon receipt of a Favorable Opinion and with the written consent of the Corporation and written notice to the Rating Agencies, may

change, from time to time, the length of one or more Auction Periods. In connection with any such change, or otherwise, but for the same stated purpose, the Market Agent:

(A) in order to conform with then current market practice with respect to similar securities, shall; and

(B) upon receipt of a Favorable Opinion and with the written consent of an Authorized Officer, may

change Interest Payment Dates to or from semi-annual payments on June 1 and December 1 of each year or to or from Interest Payment Dates specified in the notice described below corresponding to the end of each Interest Period and Auction Period (each such change being an "Auction Period Adjustment"). The Corporation shall not consent to such Auction Period Adjustment, if such consent is required above, unless the Corporation shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together with a

certificate demonstrating the need for change in reliance on such factors. The Market Agent shall initiate the Auction Period Adjustment by giving written notice to the Trustee, the Auction Agent, the Corporation and the Depository in substantially the form of, or contain substantially the information contained in, Exhibit "E" to this Supplemental Indenture at least 10 days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall not be less than 7 days. No change in an Auction Period from an Auction Period of one year or less to an Auction Period of more than one year shall occur unless there shall have been delivered to the Trustee a Favorable Opinion; and no change in Auction Period from an Auction Period of more than one year to an Auction Period of one year or less shall occur unless there shall have been delivered to the Trustee a Favorable Opinion.

(iii) The Auction Period Adjustment shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this Section 1.22(a) and the Auction immediately preceding the proposed change.

(iv) The Auction Period Adjustment shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 A.M. on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Market Agent in substantially the form attached as, or containing substantially the same information contained in, Exhibit "E" to this Supplemental Indenture, authorizing the Auction Period Adjustment specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. If the condition referred to in (A) above is not met, the applicable ARCs Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

(b) Changes in the Auction Date. While any of the 2002 Bonds are outstanding as ARCs, the Market Agent:

(i) in order to conform with then current market practice with respect to similar securities, shall; or

(ii) in order to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the ARCs and upon receipt of a Favorable Opinion and with the written consent of an Authorized Officer of the Corporation, may

specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in Section 1.1 of this Exhibit "A" with respect to one or more specified Auction Periods. The Corporation shall not consent to such change in the Auction Date, if such consent is required in subparagraph (b)(ii) above, unless the Corporation shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together with a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall provide notice of any determination to specify an earlier Auction Date for one or more Auction Periods by means of a written notice delivered at least 10 days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, the Corporation and the Depository. Such notice shall be substantially in the form of, or contain substantially the information contained in, Exhibit "F" to this Supplemental Indenture.

(c) In connection with any change described in this Section 1.22, the Auction Agent shall provide such further notice to such parties as is specified in the Auction Agency Agreement.

(d) No change shall be made to the Auction Period or Auction Date unless the Corporation shall have received confirmation from the Rating Agency that the rating on any of the Bonds will not be adversely affected.

Section 1.23. Credit Ratings. The Corporation shall take all reasonable action necessary to enable at least one nationally recognized statistical rating organization (as that term is used in the rules and regulations of the SEC under the Securities Exchange Act) to provide credit ratings for the ARCs.

Section 1.24. Notices.

(a) The Market Agent shall provide the Trustee, and, so long as no default under the Indenture has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the Auction Agent with notice of any change in the Statutory Corporate Tax Rate.

(b) The Corporation shall use its best efforts to provide the Trustee, and, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the

Auction Agent with notice of any change in the maximum rate permitted by law on the ARCs.

Section 1.25. ***Purchases of ARCs***. The Corporation shall not purchase or otherwise acquire ARCs unless the Corporation redeems or otherwise cancels such ARCs on the day of any purchase.

Section 1.26. ***Notice of Payment Default***.

(a) If the Corporation determines that a Payment Default has occurred the Corporation shall promptly provide written notice thereof to the Trustee thereof and to the Rating Agencies.

(b) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, upon the occurrence of a Payment Default the Trustee shall immediately send a notice thereof to the Auction Agent and Market Agent by telecopy or similar means.

(c) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall immediately send notice to the Auction Agent by telecopy or similar means if a Payment Default is cured.

Section 1.27. ***Applicability to Each Series and Subseries***. The provisions of this Exhibit "A", except as otherwise provided, shall be deemed to apply separately and independently to each Series and Subseries, if any, of the 2002 Bonds.

EXHIBIT B

FORM OF TAX-EXEMPT ARCS

2002 BONDS

ALASKA STUDENT LOAN CORPORATION

EDUCATION LOAN REVENUE BOND

[SENIOR][SUBORDINATE] SERIES 2002 [A][B]

No. R- _____ \$ _____

MATURITY DATE _____ DATED DATE _____, 2002 CUSIP _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Alaska Student Loan Corporation (hereinafter called the "Corporation"), a public corporation and government instrumentality of the State of Alaska (herein called the "State") created and existing under and by virtue of the laws of the State, acknowledges itself indebted and for value received, hereby promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, unless this Bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been made or duly provided for, upon presentation and surrender hereof at the principal corporate trust office of Zions First National Bank, in Denver, Colorado, as paying agent (the "Paying Agent"), the principal amount specified above and to pay interest hereon, from the Interest Payment Date (as defined in the within mentioned Supplemental Indenture) next preceding the date of authentication hereof, unless such date of authentication is prior to the first Interest Payment Date, in which case this Bond shall bear interest from the Dated Date specified above or unless such date of authentication is an Interest Payment Date, in which case this Bond shall bear interest from such Interest Payment Date; provided, however, that if as shown by the records of the Trustee (defined herein) interest on the 2002 [A][B] Bonds (defined herein) shall be in default, 2002 [A][B] Bonds issued in lieu of such 2002 [A][B] Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the 2002 [A][B] Bonds surrendered until payment of the principal hereof has been made or duly provided for. Interest on this Bond shall be paid to the person in whose name this Bond is registered on the registration books kept by

the Trustee on the Record Date specified in the Indenture, by check or draft mailed on the Interest Payment Date to such person, or in certain cases by wire transfer to such person's bank account, as described in the Indenture. The principal of and premium, if any, and interest on the 2002 [A][B] Bonds shall be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of bonds of the Corporation designated as its "Education Loan Revenue Bonds, [Senior] [Subordinate] Series 2002 [A][B]" limited in aggregate principal amount to \$62,500,000 (the "2002 [A][B] Bonds") issued pursuant to a resolution duly adopted by the Board of Directors of the Corporation on April 25, 2002, and under and in full compliance with the Constitution and laws of the State of Alaska, in particular, Sections 100-990 of Chapter 42 of Title 14 of the Alaska Statutes, as amended (the "Act") for the purpose of obtaining funds to [refund outstanding debt of the Corporation and to] finance the acquisition of loans for higher education. The Corporation's Education Loan Revenue Bonds Series 2002 [A][B] (the "2002 [A][B] Bonds" and, collectively with the 2002 [A][B] Bonds, the "2002 Bonds"), issued simultaneous with the 2002 [A][B] Bonds, are being issued under and are secured by and entitled to the protection of a Indenture (the "Master Indenture") dated June 1, 2002, as supplemented by the First Supplemental Indenture (the Master Indenture and the First Supplemental Indenture are herein collectively referred to as the "Indenture") between the Corporation and Zions First National Bank, Denver, Colorado, as trustee (the "Trustee"). The Bonds of each Series issued under the Master Indenture are assigned a payment priority by Class designation, with Class I being the highest priority and successively lower Classes being designated by higher Roman numerals. The 2002 [A][B] Bonds have been designated as Class [I][III] as more fully set forth in the Indenture.

This Bond shall initially bear interest at the rate of interest per annum established by the Broker-Dealer for the initial Auction Period pursuant to the Broker-Dealer Agreement, written notice of which shall be given to the Trustee. For each Auction Period thereafter, the unpaid principal amount hereof from time to time outstanding shall bear interest at the Auction Rate determined in accordance with the provisions of Exhibit "A" of the First Supplemental Indenture, payable on each Interest Payment Date and on the date of payment or redemption of principal hereof to the extent of interest accrued on the principal then being paid or redeemed, such interest to accrue from the later of the date hereof or the date through which interest has been paid or duly provided for. Interest at the Auction Rate established from time to time pursuant to Exhibit "A" of the First Supplemental Indenture shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 or 366 days, as applicable.

This Bond shall bear interest at an Auction Rate based on an Auction Period that shall, until adjusted pursuant to Exhibit "A" of the First Supplemental Indenture, generally consist of 35 days, all as determined in Exhibit "A" of the First Supplemental Indenture.

In no event shall the Auction Rate on this Bond exceed 14% per annum.

The Auction Period, the Auction Rate, the Maximum Rate, the method of determining the Auction Rate and the Maximum Rate on this Bond and the Auction Procedures related thereto, a change in the Auction Date and the Interest Payment Dates will be determined in accordance with the terms, conditions and provisions of, including, without limitation, required notices thereof to the Existing Holders of the 2002 [A][B] Bonds, the Indenture and the Auction Agency Agreement, to which terms, conditions and provisions specific reference is hereby made, and all of which terms, conditions and provisions are hereby specifically incorporated herein by reference.

This Bond is a special, limited obligation of the Corporation and is payable solely from assets and revenues specifically pledged thereto pursuant to the terms of the Indenture.

Under certain circumstances Additional Bonds may be issued under the Master Indenture, which may be entitled to share in the Trust Estate prior to, equally and ratably with, or subordinate to the 2002 [A][B] Bonds.

The Bonds do not constitute a debt, liability, or other obligation of the State or of any political subdivision of the State other than the Corporation. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof other than the Corporation is pledged to the payment of the principal of or interest on the Bonds. The Corporation has no taxing power.

Reference is made to the Indenture for a complete statement of the terms and conditions upon which the 2002 [A][B] Bonds of this issue have been issued and provisions made for their security and for the issuance of Additional Bonds; for a description of the rights of the owners of the 2002 [A][B] Bonds; the rights and obligations of the Corporation; the rights, duties and obligations of the Trustee and the Paying Agent; and the provisions relating to amendments and modifications thereof. The acceptance of the terms and conditions of such documents, copies of which are on file at the principal corporate trust office of the Trustee, is an explicit and material part of the consideration of the Corporation's issuance hereof, and each owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

Capitalized terms used in this Bond which are not defined herein but which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

The 2002 [A][B] Bonds bearing interest at an Auction Rate are subject to redemption on the dates, at the redemption prices, in the amounts and upon notice all as set forth in the Indenture.

[The 2002A Bonds are subject to mandatory redemption and shall be redeemed in part by lot from Sinking Fund Installments (as defined in the Indenture) on each of the dates and at the principal amounts set forth below, together with interest accrued and unpaid to the redemption date subject to crediting as provided in the Master Indenture:

Sinking Fund Date (June 1)	Principal Amount
2009	\$22,100,000
2010	4,300,000
2011	6,750,000
2012	5,550,000
2013	2,000,000
2016	1,500,000
2037*	5,300,000

*Final Maturity]

If an Event of Default (as defined in the Indenture) shall occur, the principal of all the Bonds may be, and under certain circumstances shall be, declared due and payable in the manner and with the effect provided in the Indenture.

The 2002 [A][B] Bonds bearing interest at an Auction Rate are issuable as registered bonds in the denomination of \$50,000 or any integral multiple thereof. Subject to the limitations provided in the Indenture and upon payment of any tax or governmental charge, 2002 [A][B] Bonds may be exchanged for a like aggregate principal amount of 2002 [A][B] Bonds of other authorized denominations.

This Bond shall be subject to mandatory tender to the Trustee, as appropriate, for purchase pursuant to Exhibit "A" to the First Supplemental Indenture prior to maturity on the Variable Rate Conversion Date applicable to this Bond (the "Mandatory Tender Date") at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Mandatory Tender Date, as applicable.

If on such Mandatory Tender Date for which there has been irrevocably deposited with the Trustee amounts sufficient to pay the purchase price of this Bond, this Bond shall be deemed to have been tendered in accordance with the provisions of Exhibit "A" of the First Supplemental Indenture. The Registered Owner of this Bond, whether or not delivered to the Trustee shall not be entitled to any payment (including any interest to accrue on and subsequent to the Mandatory Tender Date) other than the purchase price for this Bond, and this Bond shall no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price therefor.

This Bond is transferable by the registered owner hereof or his duly authorized attorney on the registration books of the Corporation kept at the principal office of the bond registrar, upon surrender of this Bond accompanied by a duly executed instrument of transfer in form and with guaranty of signature satisfactory to the Registrar, subject to such reasonable regulations as the Corporation, the Trustee, the Registrar or the Paying Agent may prescribe, and upon payment of any tax or other governmental charge incident to such transfer. Upon any such transfer a new Bond or Bonds of authorized denomination or denominations of the same Series, level of priority, aggregate principal amount, interest rate and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the Indenture. The Corporation and any fiduciary may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Corporation nor any fiduciary shall be affected by any notice to the contrary.

No recourse, either directly or indirectly, shall be had for the payment of principal or redemption price of, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer or employee, past, present or future, of the Corporation or of any successor body, as such, either directly or through the Corporation or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, but the obligation to pay all amounts required by the Indenture securing this Bond and the obligation to do and perform the covenants and acts required of the Corporation therein and herein shall be and remain the responsibility and obligation of said Corporation, limited as herein set forth.

Neither the members of the Corporation nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been executed by an Authenticating Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding obligation of the Corporation according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

IN WITNESS WHEREOF, the Corporation has caused this Bond to be executed with the manual or facsimile signature of its Chair and its seal or a facsimile thereof to be hereto affixed, and to be signed and attested with the manual or facsimile signature of its Secretary.

ALASKA STUDENT LOAN CORPORATION

[SEAL]

By _____
Chair

ATTEST:

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned First Supplemental Indenture and is one of the Education Loan Revenue Bonds, [Senior] [Subordinate] Series 2002 [A][B], of the Alaska Student Loan Corporation.

ZIONS FIRST NATIONAL BANK,
as Trustee

By _____
Authorized Signatory

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned
sells, assigns and transfers unto _____ (Tax Identification or
Social Security No. _____) the within Bond and all rights thereunder, and
hereby irrevocably constitutes and appoints _____ attorney for
registration thereof, with full power of substitution in the premises.

DATED the _____ day of _____, _____.

NOTICE: The signature to this
assignment must correspond with the
name of the Registered Owner as it
appears upon the face of the within
Bond in every particular, without
alteration or enlargement or any
change whatever.

Signature Guaranteed:

The signature(s) should be guaranteed
by an eligible guarantor institution
(banks, stockbrokers, savings and loan
associations and credit unions with
membership in an approved signature
guarantee medallion program), pursuant
to S.E.C. Rule 17Ad-15.

EXHIBIT C

FORM OF NOTICE OF CHANGE IN PERCENTAGES

ALASKA STUDENT LOAN CORPORATION

\$ _____

EDUCATION LOAN REVENUE BONDS
[SENIOR] [SUBORDINATE] SERIES 2002 [A][B]

NOTICE OF CHANGE IN PERCENTAGES
(Used in Determination of the Maximum Rate,
the All Hold Rate and the Index for Default Rate)

NOTICE IS HEREBY GIVEN that _____, as
Market Agent for the above-identified Bonds, hereby authorizes the adjustment in the
percentages used to determine the Maximum Rate, the All Hold Rate and the index for
the Default Rate to reflect a Change in Preference Law as set forth in its notice dated
_____.

Notice is also hereby given that the Market Agent has obtained confirmation that
[Bond Counsel] expects to be able to give its opinion to the effect that the adjustment
in the percentages is authorized by Section 1.12 of Exhibit "A" to the First Supplemental
Indenture and will not have an adverse effect on the exclusion of interest on the Bonds
from gross income for federal income tax purposes.

Dated: _____

By _____

EXHIBIT D

FORM OF NOTICE OF CHANGE IN LENGTH OF
ONE OR MORE AUCTION PERIODS

ALASKA STUDENT LOAN CORPORATION

EDUCATION LOAN REVENUE BONDS
[SENIOR] [SUBORDINATE] SERIES 2002 [A][B]

NOTICE OF PROPOSED CHANGE IN LENGTH
OF ONE OR MORE AUCTION PERIODS

Notice is hereby given that _____, as Market Agent for the captioned Bonds, proposes to change the length of one or more Auction Periods pursuant to the First Supplemental Indenture therefor as follows:

(a) The change shall take effect on _____, _____, the date of commencement of the next Auction Period (the "Effective Date").

(b) The change in length of one or more Auction Periods described in Paragraph 1 above shall take place only if (A) the Trustee and Auction Agency receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the Auction Period commencing on the Effective Date, a certificate from the Market Agent, as required by the First Supplemental Indenture authorizing the change in length of one or more Auction Periods and (B) Sufficient Clearing Bids exist on the Auction Date for the Auction Period commencing on the Effective Date.

(c) If the condition referred to in (A) above is not met, the Applicable ARCs Rate for the Auction Period commencing on the Effective Date will be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the conditions referred to in (A) above is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the Auction Period commencing on the Effective Date shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

(d) It is hereby represented, upon advice of the Auction Agent for the Bonds described herein, that there were Sufficient Clearing Bids for such Bonds at the Auction immediately preceding the date of this Notice.

(e) Terms not defined in this Notice shall have the meanings set forth in the Indenture authorizing the captioned Bonds.

Dated: _____ By _____

EXHIBIT E

FORM OF NOTICE ESTABLISHING CHANGE IN LENGTH
OF ONE OR MORE AUCTION PERIODS

ALASKA STUDENT LOAN CORPORATION

EDUCATION LOAN REVENUE BONDS
[SENIOR] [SUBORDINATE] SERIES 2002 [A][B]

NOTICE OF ESTABLISHING CHANGE IN LENGTH
OF ONE OR MORE AUCTION PERIODS

Notice is hereby given that _____, as Market Agent for the captioned Bonds, hereby establishes new lengths for one or more Auction Periods pursuant to the First Supplemental Indenture therefor as follows:

1. The change shall take effect on _____, _____, the date of commencement of the next Auction Period (the "Effective Date").

2. Interest Payment Dates shall be (or, if applicable, remain) each _____ and _____ after the date of this Notice. For the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on the Effective Date through and including _____, _____ (date). For Auction Periods occurring after the Auction Period commencing on the Effective Date, the Interest Period (and Auction Period) shall be the period commencing on _____, _____ (date) through and including _____, _____ (date) and each _____ (number of days) day period thereafter commencing on a _____ (day of week) and ending on (and including) a _____ (day of week); provided, however, that the length of subsequent Auction Periods shall be subject to further change hereafter as provided in Section _____ of [Exhibit "A"] to the First Supplemental Indenture.

3. The changes described above shall take place only upon delivery of this Notice and the satisfaction of other conditions set forth in the First Supplemental Indenture and our prior notice dated _____ regarding the proposed change.

4. Terms not defined in this Notice shall have the meanings set forth in the Indenture relating to the captioned Bonds.

Dated: _____

By _____

EXHIBIT F

ALASKA STUDENT LOAN CORPORATION

**EDUCATION LOAN REVENUE BONDS
[SENIOR] [SUBORDINATE] SERIES 2002 [A][B]**

NOTICE OF CHANGE IN AUCTION DATE

Notice is hereby given that _____, as Market Agent for the Series 2002[A][B] Bonds, that the Auction Date is hereby changed as follows:

1. The definition of "Auction Date" shall be deemed amended by substituting " (number) Business Day" in the second line thereof and by substituting " (number) Business Days" for "two Business Days" in the first line of the definition of "Applicable Number of Business Days."

2. This change shall take effect on _____ which shall be the Auction Date for the Auction Period commencing on _____.

3. The Auction Date for the Series 2002 [A][B] Bonds shall be subject to further change hereafter as provided in the First Supplemental Indenture.

4. Terms not defined in this Notice shall have the meanings set forth in the First Supplemental Indenture relating to the Series 2002 [A][B] Bonds.

_____, as Market Agent

Dated: _____ By _____

EXHIBIT G

PROVISIONS RELATING TO 2002 BONDS OUTSTANDING AS VARIABLE RATE BONDS

Section 1.1. ***Certain Definitions.*** In addition to the terms defined elsewhere in the Indenture, the following terms shall have the following meanings with respect to the 2002 Bonds, unless the context requires otherwise. For purposes of this Indenture, when times are given, they shall be deemed to be in Eastern Standard or Eastern Daylight Saving Time, as appropriate.

"Assumed Rate" shall mean during any Long Rate Period, an annual rate of interest of eight percent (8%); and at all other times, an annual rate of interest of twelve percent (12%), or any higher rate that may be established from time to time pursuant to any supplemental indenture and after receipt of a Favorable Opinion; provided that, at the time any such increase in the Assumed Rate is to become effective, the Available Amount of any Letter of Credit shall be at least equal to the aggregate principal amount of the 2002 Bonds bearing interest at a Variable Rate then Outstanding plus the Interest Coverage Requirement with respect thereto assuming an annual rate of interest equal to the Assumed Rate as increased by a supplemental indenture.

"Authorized Denominations" shall mean with respect to the Variable Rate Bonds other than Variable Rate Bonds bearing interest at a Long Rate in excess of a year, \$100,000 and any multiple thereof, and with respect to the Variable Rate Bonds bearing interest at a Long Rate in excess of a year, \$5,000 and any multiple thereof.

"Available Amount" shall mean the initial amount of any Letter of Credit (or the aggregate amount of more than one Letter of Credit) set forth therein, as such amount may be reduced or reinstated pursuant to the terms of such Letter of Credit, and available to be drawn under such Letter of Credit.

"Bank" shall mean any bank or banks or other financial institution or institutions which issues and delivers a Letter of Credit pursuant to a Reimbursement Agreement, or any other bank or banks or other financial institution or institutions which may be substituted for such bank pursuant to a Reimbursement Agreement or which may issue and deliver to the Trustee a substitute Letter of Credit. Any Bank issuing a Letter of Credit securing the 2002 Bonds with an Interest Period of one year or less must have the highest short-term rating category from any Rating Agency then rating such 2002 Bonds and such rating must apply to such 2002 Bonds secured by such Bank's Letter of Credit. Any Bank issuing a Letter of Credit securing the 2002 Bonds with an Interest Period of more than one year must be rated at least "Aa" by Moody's or "AA" by Standard & Poor's, and such rating must apply to the 2002 Bonds secured by such Bank's Letter of Credit.

"Business Day" shall mean any day other than a Saturday, Sunday, holiday or day on which banks located in the City of New York, New York, or the New York Stock Exchange, the Trustee or the Bank, are authorized or permitted by law or executive order to close.

"Conversion Date" shall mean the Business Day on which any of the 2002 Bonds are Converted to a Long Rate Period which extends to the maturity of such 2002 Bonds.

"Convert," "Converted," or "Conversion," as appropriate, shall mean the conversion of the interest rate on the 2002 Bonds to a Long Rate pursuant to Section 1.11.

"Daily Rate" shall mean the rate of interest borne by any 2002 Bonds during any Daily Rate Period.

"Daily Rate Period" shall mean an Interest Period which may begin and end on the same day. The term "day" shall mean any calendar day, whether or not a Business Day.

"Favorable Opinion" shall mean a Bond Counsel's Opinion addressed to the Corporation and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the applicable 2002 Bonds.

"Final Payment Date" with respect to any Variable Rate Bonds shall mean the Business Day on which payment of such Variable Rate Bond is required to be made after receipt by the Remarketing Agent and, if applicable, the Trustee of a Notice and Demand in respect of such Variable Rate Bond, as set forth in Section 1.5 and attached as Schedule "2" to this Exhibit "G".

"Interest Coverage Requirement" shall mean, (i) with respect to any principal amount of the Variable Rate Bonds with an Interest Period of less than one year, an amount equal to interest accruing on such Variable Rate Bonds for whatever period is required by the Rating Agencies then rating the Variable Rate Bonds to permit such Rating Agencies to assign their highest short-term ratings to such Variable Rate Bonds at the Assumed Rate and (ii) with respect to any principal amount of the Variable Rate Bonds with an Interest Period of one year or more, an amount equal to interest accruing on such Variable Rate Bonds for whatever period is required by the Rating Agencies then rating such Variable Rate Bonds to permit such Rating Agencies to assign the Bank's applicable rating to such Variable Rate Bonds at the Assumed Rate.

"Interest Payment Date" shall mean, with respect to any Variable Rate Bond, each June 1 and December 1, commencing on the June 1 or December 1 next following the Variable Rate Conversion Date.

"Interest Period" shall mean, with respect to the Variable Rate Bonds, each period commencing on a Rate Adjustment Date and ending on the day before the next Rate Adjustment Date, as established in accordance with Section 1.4(b) hereof.

"Letter of Credit" shall mean any direct-pay irrevocable letter of credit, committed line of credit, surety bond or standby bond purchase agreement, or any combination of the foregoing issued by a Bank to the Trustee for the account of the Corporation pursuant to a Reimbursement Agreement, as the same may be amended from time to time in accordance with the terms of a Reimbursement Agreement and this Indenture, the aggregate Available Amount of which is not less than the aggregate principal amount of all Variable Rate Bonds then Outstanding plus the Interest Coverage Requirement with respect to such principal amount of Variable Rate Bonds; provided that any substitute Letter of Credit shall have a term of not less than twelve (12) months (except that any Letter of Credit may provide that it shall terminate on the effective date of any substitute Letter of Credit delivered to the Trustee) and when delivered to the Trustee shall be accompanied by (i) a written statement of each Rating Agency then rating the Variable Rate Bonds, to the effect that the rating on such Variable Rate Bonds assigned by such Rating Agency will not be reduced or withdrawn as a result of the delivery of such substitute Letter of Credit, and (ii) a Favorable Opinion.

"Letter of Credit Fees" shall mean the amounts payable by the Corporation to the Bank, other than for reimbursement of drawings on the Letter of Credit for the purpose of paying principal of or interest on Bonds, pursuant to the Reimbursement Agreement.

"Long Rate" shall mean the rate of interest borne by any Variable Rate Bond during any Long Rate Period.

"Long Rate Period" shall mean an Interest Period of not less than ninety (90) days and may, at the option of the Corporation and with a Favorable Opinion, extend to the final maturity date of the 2002 Bonds.

"Mandatory Tender Date" shall mean, with respect to any Variable Rate Bonds affected thereby, any Period Adjustment Date, or any date on which the Letter of Credit is replaced by a Letter of Credit issued by a different Bank or the fifth Business Day preceding the Termination Date of a Letter of Credit.

"Maximum Rate" shall mean fourteen percent (14%) per annum.

"Monthly Rate" shall mean the rate of interest borne by any Variable Rate Bonds during any Monthly Rate Period.

"Monthly Rate Period" shall mean an Interest Period which begins on the first Wednesday following the first Tuesday of a calendar month and ends on the first Tuesday of the next succeeding calendar month.

"Notice and Demand" shall mean, with respect to the 2002 Bonds, a Notice of the Tender of Variable Rate Bonds, as more fully set forth in Section 1.5 hereof and Schedule "2" to this Exhibit "G".

"Period Adjustment Date" shall mean, as to the 2002 Bonds: the first day of any Interest Period for the applicable 2002 Bonds unless such Interest Period and the immediately preceding Interest Period are both Daily Rate Periods, Weekly Rate Periods or Monthly Rate Periods; provided, that a Period Adjustment Date shall occur on any Business Day.

"Placement" shall have the meaning set forth in Section 1.5(a) hereof.

"Rate Adjustment Date" shall mean, with respect to the 2002 Bonds, any date on which the rate of interest borne by any such 2002 Bonds is subject to change, which shall be the first day of each Interest Period for such 2002 Bonds.

"Rate Determination Date" shall mean, with respect to the 2002 Bonds, any date on which the rate of interest to be borne by the 2002 Bonds for the succeeding Interest Period is determined in accordance with Section 1.4(a) hereof, as set forth in Schedule "3" to this Exhibit "G". If a scheduled Rate Determination Date is not a Business Day, the Rate Determination Date shall be the next succeeding Business Day.

"Record Date" shall mean, with respect to the Variable Rate Bonds, the tenth (10th) day preceding each Interest Payment Date for the Variable Rate Bonds.

"Reimbursement Agreement" shall mean any reimbursement agreement between the Corporation and a Bank, approved as to form and execution by the Corporation and entered into from time to time by the Corporation, providing for the issuance of a Letter of Credit with respect to the 2002 Bonds as such agreement is originally executed and as the same may from time to time be amended or supplemented in accordance with its terms and with this Indenture.

"Remarketing Agent" shall mean, with respect to the Variable Rate Bonds, UBS PaineWebber Inc., or any successor to it as such agent.

"Remarketing Agreement" shall mean any Remarketing Agreement among the Corporation, the Remarketing Agent and the Trustee with respect to the 2002 Bonds, as originally executed and as from time to time amended or supplemented in accordance with the terms thereof and with the Indenture.

"Termination Date" shall mean the date on which the Letter of Credit is terminated in accordance with the terms and provisions of the related Reimbursement Agreement.

"Variable Rate" shall mean, with respect to the 2002 Bonds, a Daily Rate, a Weekly Rate, a Monthly Rate or a Long Rate borne by any 2002 Bond or 2002 Bond, as applicable, commencing on the Variable Rate Conversion Date (as defined in Exhibit "A" to the First Supplemental Indenture) or the Period Adjustment Date, as the case may be, for such 2002 Bonds establishing the Variable Rate.

"Variable Rate Bonds" means the 2002 Bonds bearing interest at Variable Rates.

"Weekly Rate" shall mean the rate of interest borne by any Variable Rate Bonds during any Weekly Rate Period.

"Weekly Rate Period" shall mean an Interest Period which begins on any Wednesday and ends on the next succeeding Tuesday.

Section 1.2. *Description of 2002 Bonds; Global Form; Depository.*

(a) The 2002A Bonds shall be designated "Education Loan Revenue Bonds, Senior Series 2002A" and the 2002B Bonds shall be designated "Education Loan Revenue Bonds, Subordinate Series 2002B", respectively.

(b) Except as otherwise provided in this Section 1.2, the Variable Rate Bonds, in the form of one or more securities, shall be registered in the name of the Depository, and ownership thereof shall be maintained in book-entry form by the Depository for the account of the Participants thereof. Initially, the Variable Rate Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. Except as provided in subsection (c) of this Section 1.2, the Variable Rate Bonds may be transferred, in whole but not in part, only to the Depository, or to a successor to DTC selected or approved by the Corporation or to a nominee of such successor Depository.

(i) Neither the Corporation, the Registrar nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(A) the accuracy of the records of the Depository or any Participant with respect to any beneficial ownership interest in the Variable Rate Bonds;

(B) the delivery to any Participant, any beneficial owner of the Variable Rate Bonds or any other person, other than the

Depository, of any notice with respect to the Variable Rate Bonds;
or

(C) the payment to any Participant, any beneficial owner of the Variable Rate Bonds or any other person, other than the Depository, of any amount with respect to the principal or interest on the Variable Rate Bonds.

(ii) So long as the certificates for the Variable Rate Bonds are not issued pursuant to subsection (c) of this Section 1.2, the Corporation and the Trustee may treat the Depository as, and deem the Depository to be, the absolute owner of the Variable Rate Bonds for all purposes whatsoever, including without limitation:

(A) the payment of principal of and interest on the Variable Rate Bonds;

(B) giving notices of redemption, tender and other matters with respect to the Variable Rate Bonds;

(C) registering transfer with respect to the Variable Rate Bonds; and

(D) the selection of Variable Rate Bonds for redemption.

(c) If at any time the Corporation has notified the Trustee that the Variable Rate Bonds should not be maintained in book entry form or the Depository notifies the Corporation that it is unwilling or unable to continue as Depository with respect to the Variable Rate Bonds, or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Corporation within 90 days after the Corporation receives notice or becomes aware of such condition, as the case may be, then this Section 1.2 shall no longer be applicable and the Corporation shall execute and the Trustee shall authenticate and deliver certificates representing the Variable Rate Bonds as provided below. Certificates for the Variable Rate Bonds issued in exchange for a global certificate pursuant to this subsection (c) shall be registered in such names and authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Corporation and the Registrar. The Registrar shall deliver such certificates representing the Variable Rate Bonds to the persons in whose names such Variable Rate Bonds are so registered on the Business Day immediately preceding the first day of an Interest Period.

Section 1.3. ***Limitations on Transfer.*** So long as the ownership of the Variable Rate Bonds is maintained in book-entry form by the Depository, a beneficial owner may sell, transfer or otherwise dispose of its beneficial interest in Variable Rate Bonds only pursuant to the procedures of DTC.

Section 1.4. ***Variable Rate Bond Details.***

(a) Variable Rate. Upon the Variable Rate Conversion Date, the 2002 Bonds subject to conversion shall bear interest at a Variable Rate for an Interest Period to be established by the Corporation, subject to Section 1.16(g) of Exhibit "A". Thereafter, the Variable Rate Bonds may be converted to bear interest at another Variable Rate pursuant to Section 1.4(b) hereof. The Trustee shall, at the written direction of the Corporation, give notice to the Registered Owners of the Variable Rate Bonds being converted to another Variable Rate at least twenty-three (23) days before the Period Adjustment Date for such Variable Rate Bonds of such Period Adjustment Date. Such notice to the Registered Owners shall be given in the same manner that notices of redemption are given, and shall include or be accompanied by the notice required by subsection (c) of this Section. Promptly after the Period Adjustment Date for such Variable Rate Bonds, the Trustee shall cause to be prepared new 2002 Bonds in the form set forth in Schedule "1" to this Exhibit "G", with such other modifications as may be required hereby or may be otherwise appropriate.

For any Interest Period during which the Variable Rate Bonds bear interest at a Variable Rate, the Variable Rate to be borne by such Variable Rate Bonds shall be determined by the Remarketing Agent and announced in writing to the Trustee and the Corporation on each Rate Determination Date for such Variable Rate Bonds, and such Variable Rate shall be the rate of interest borne by such Variable Rate Bonds for the Interest Period commencing on the Rate Adjustment Date for such Interest Period. The Variable Rate to be borne by the Variable Rate Bonds for any Interest Period related to such Variable Rate Bonds shall, subject to the other provisions of this subsection, be the rate determined by the Remarketing Agent, in its discretion, to be that rate which, if borne by the Variable Rate Bonds, would in its judgment, having due regard to the prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to enable the Remarketing Agent to sell such Variable Rate Bonds at par (disregarding accrued interest) if tendered for payment pursuant to Section 1.5 hereof (whether or not so tendered); provided that if the Remarketing Agent shall fail or refuse to determine a Variable Rate on any Rate Determination Date, the Variable Rate most recently determined for the Variable Rate Bonds shall remain in effect; and provided further that no Variable Rate shall exceed the Maximum Rate.

Variable Rate Bonds shall be purchased on the Final Payment Date for such Variable Rate Bonds or following demand by the Registered Owner thereof

as provided in Section 1.5 hereof, at the respective times and in the manner provided in said Section 1.5 and in Schedule "3" to this Exhibit "G", unless a Placement of such Variable Rate Bond has theretofore been effected, but in no event later than the stated maturity thereof. So long as any Letter of Credit is in effect, not later than the second Business Day before each Interest Payment Date for any Variable Rate Bonds entitled to the benefits of such Letter of Credit, the Trustee shall notify the Bank of its estimate of the amount of interest on the Variable Rate Bonds entitled to the benefits of such Letter of Credit that will be payable on such Interest Payment Date. Such notice shall not be a condition to any drawing by the Trustee under the Letter of Credit. Any Registered Owners of Variable Rate Bonds may at any time obtain from the Trustee such information on such Variable Rate as the Trustee has in its possession by written request to the Trustee. None of such information shall affect the rate of interest payable on such Variable Rate Bond.

(b) Interest Period. While the Variable Rate Bonds remain outstanding, from time to time, the Corporation may designate different Interest Periods to be applicable to such Variable Rate Bonds and to be effective on any Period Adjustment Date established for such Variable Rate Bonds. The Corporation shall evidence each such designation by giving written notice thereof to the Trustee and the Remarketing Agent at least twenty-eight (28) days before the applicable Period Adjustment Date established for the Variable Rate Bonds, and such notice shall state the Rate Determination Date for such Variable Rate Bonds; provided, however, that (i) no Interest Period may extend beyond the day immediately preceding the Termination Date then in effect of the Letter of Credit, except as provided in Section 1.11 hereto, and (ii) each Period Adjustment Date must be a Business Day and may not occur during a Long Rate Period, but may occur at the end of a Long Rate Period. If such notice from the Corporation designates a change in an Interest Period from a period of one year or less to a period of more than one year, or a change in an Interest Period from a period of more than one year to a period of one year or less, such notice shall not be effective unless accompanied by a Favorable Opinion. In the case of any change in an Interest Period which results in an increase in the Interest Coverage Requirement, such notice shall also be accompanied by a substitute Letter of Credit in an Available Amount not less than the principal amount of Variable Rate Bonds to be Outstanding on and after the Period Adjustment Date plus the Interest Coverage Requirement therefor, and a written confirmation from the Bank that the size of the Letter of Credit will be sufficient, following such change in Interest Period, to provide for the payment of the principal of, and the Interest Coverage Requirement on, the Variable Rate Bonds.

Upon receipt of such notice from the Corporation and written confirmation from the Bank, the Trustee shall, at least twenty-three (23) days before the Period Adjustment Date for the Variable Rate Bonds, notify each Registered

Owner of the Variable Rate Bonds of such change in the Interest Period. Such notice to the Registered Owner shall be given in the same manner that notices of redemption are given, and shall include or be accompanied by the notice required by subsection (c) of this Section. Failure by the Trustee to give such notice by mailing, or any defect therein, shall not in any way change the rights of the Registered Owner of the Variable Rate Bonds to elect to have their Variable Rate Bonds purchased on any Final Payment Date.

For each Interest Period, the applicable provisions relating to the Rate Determination Date, the Rate Adjustment Date, any Notice and Demand and any Final Payment Date shall be determined in accordance with Schedule "3" to this Exhibit "G".

(c) **Mandatory Tender.** The Variable Rate Bonds shall be subject to mandatory tender to the Trustee for purchase prior to maturity on any Mandatory Tender Date at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Mandatory Tender Date, as applicable.

In connection with any mandatory tender for purchase of the Variable Rate Bonds upon a Mandatory Tender Date pursuant to this subsection (c), the Trustee shall include in the notice mailed to Registered Owners of the Variable Rate Bonds pursuant to Section 1.4(b) or in a separate notice, a further notice of mandatory tender for purchase which in substance shall state the following:

(i) the Period Adjustment Date for such Variable Rate Bonds as determined in accordance with subsection (b) of this Section or the date on which the Letter of Credit will be replaced or the Termination Date, as applicable; and

(ii) that no Registered Owners of the Variable Rate Bonds shall have the right to retain their Variable Rate Bonds on and after the Mandatory Tender Date, but that all Registered Owners of such Variable Rate Bonds shall be required to tender or be deemed to have tendered their Variable Rate Bonds for payment on the Mandatory Tender Date.

The Registered Owners of the Variable Rate Bonds subject to a mandatory tender shall be required to tender their Variable Rate Bonds to the Trustee for payment on the Mandatory Tender Date with respect to their Variable Rate Bonds at a price equal to the principal amount thereof plus interest accrued thereon to the Mandatory Tender Date. Any Variable Rate Bonds subject to mandatory tender on such Mandatory Tender Date for which there has been irrevocably deposited with the Trustee amounts sufficient to pay the purchase price of such Variable Rate Bonds, shall be deemed to have been tendered in accordance with the provisions of Section 1.4(c) hereof.

Replacement Variable Rate Bonds for any undelivered Variable Rate Bonds shall be authenticated by the Trustee and delivered to the purchaser thereof. The Registered Owner of any undelivered Variable Rate Bonds shall not be entitled to any payment (including any interest to accrue on and subsequent to the Mandatory Tender Date) other than the purchase price for such undelivered Variable Rate Bonds, and undelivered Variable Rate Bonds shall no longer be entitled to the benefits of this Indenture, except for the purpose of payment of the purchase price therefor.

Any Variable Rate Bond subject to the mandatory tender tendered for purchase pursuant to Section 1.4(c) hereof from the date the Trustee gives notice of mandatory tender until the Mandatory Tender Date, or deemed to have been so tendered as provided in the preceding paragraph, shall not be remarketed except to a purchaser who agrees at the time of purchase to accept the terms of the Variable Rate Bonds to be in effect on and after the Mandatory Tender Date. Any Variable Rate Bond for which a Placement is effected to such a purchaser shall remain Outstanding as a Variable Rate Bond having the terms in effect on and after the Mandatory Tender Date, and all other Variable Rate Bonds subject to the mandatory tender shall be purchased pursuant to Section 1.4(c) hereof.

Not later than the Ninth day before any Mandatory Tender Date, the Trustee shall notify the Remarketing Agent, by telephone, promptly confirmed in writing, of the principal amount of 2002 Bonds Outstanding subject to the mandatory tender, and such notice from the Trustee shall be treated as a Notice and Demand for all purposes of this Indenture, whether or not the Variable Rate Bonds referred to therein are delivered to the Trustee on such Mandatory Tender Date; provided that payment of the purchase price of such Variable Rate Bonds shall be made on or after such Mandatory Tender Date only upon delivery and surrender thereof to the Trustee.

Section 1.5. *Purchase Pursuant to Demand by Registered Owners.* Each Registered Owner of a Variable Rate Bond may, by delivery or transmission to the applicable parties at the applicable time set forth in Schedule "3" to this Exhibit "G" hereto, of irrevocable notice in the form set forth in Schedule "2" to this Exhibit "G", or, during any Daily Rate Period, by irrevocable telephonic notice confirmed in writing to the respective parties at the applicable time set forth in Schedule "3" to this Exhibit "G" (a "Notice and Demand"), all as provided in the form of Notice and Demand set forth in Schedule "2" to this Exhibit "G" hereto, demand payment of the principal of and accrued interest on such Variable Rate Bond on and as of the Final Payment Date. Any Registered Owner shall be deemed to have delivered a Notice and Demand as and to the extent provided in the last paragraph of Section 1.4(c). In order to receive such payment on the Final Payment Date, such Registered Owner must tender such Variable Rate Bond to the Trustee, duly endorsed in blank for transfer, at or before the time set forth therefor in Schedule "3" to this Exhibit "G", on the Final Payment Date,

and such Variable Rate Bond must conform in all respects to the description thereof in the Notice and Demand. The Trustee shall hold any Variable Rate Bond so tendered in trust for the Registered Owner tendering the same until payment therefor is made pursuant to this Section. During any Daily Rate Period, the Remarketing Agent shall notify the Trustee, the Corporation and the Bank of receipt of any telephonic Notice and Demand and shall promptly send to such parties, by telecopier, a copy of the written confirmation thereof received from the tendering Registered Owner. Not later than the close of business on the Business Day next succeeding the day on which it receives a Notice and Demand during any Interest Period other than a Daily Rate Period, the Trustee shall give notice by telephone, promptly confirmed by telegram or other electronic or wire transmission which produces a written copy or otherwise promptly confirmed in writing, to the Bank and the Corporation specifying the principal amount of the Variable Rate Bonds with respect to which it has received a Notice and Demand, the names of the Registered Owners thereof and the Final Payment Date applicable thereto. By 10:00 a.m. on the Business Day next preceding the Final Payment Date during any Interest Period other than a Daily Rate Period, the Trustee shall notify the Bank of the accrued interest which will be payable on each Variable Rate Bond as of the Final Payment Date for all Variable Rate Bonds for which a Notice and Demand has been received. The Notice and Demand shall authorize the Remarketing Agent to arrange for the placement of the Variable Rate Bond at a purchase price of not less than par plus accrued interest to the Final Payment Date (a "Placement"). Pursuant to the Remarketing Agreement, the Remarketing Agent is obligated to cause the purchase price of each Variable Rate Bond for which a Placement has been effected to be deposited, in a separate trust subaccount to be established and maintained by the Trustee, in immediately available funds, and to give notice thereof to the Trustee, in each case by 10:00 a.m. on the Final Payment Date during any Interest Period other than a Daily Rate Period, or by 11:30 a.m. on the Final Payment Date during any Daily Rate Period. All amounts deposited in such subaccount as aforesaid shall be held by the Trustee uninvested and in cash and in trust for the sole and exclusive benefit of the Registered Owner of the Variable Rate Bond for the purchase of which such amounts were deposited in such subaccount and shall be applied to the purchase of such Variable Rate Bonds prior to the application of the proceeds of a drawing under the Letter of Credit, if any. If the Remarketing Agent is unable to arrange a Placement by 4:00 p.m. on the Business Day immediately preceding the Final Payment Date during any Interest Period other than a Daily Rate Period, or by 11:30 a.m. on the Final Payment Date during any Daily Rate Period, it shall, pursuant to the Remarketing Agreement, at or before that time, give notice thereof to the Corporation, the Trustee and the Bank. If the Trustee has not received the purchase price of the Variable Rate Bond by 10:00 a.m. on the Final Payment Date during any Interest Period other than a Daily Rate Period, or by 11:30 a.m. on the Final Payment Date during any Daily Rate Period, so long as the Letter of Credit is outstanding it shall give notice thereof to the Bank. In any such case, the Trustee shall, on the Final Payment Date, draw on the Letter of Credit in accordance with its terms, deposit the proceeds of such draw in a trust account, and purchase the Variable Rate Bonds subject to Section 1.04 hereof. If the Remarketing Agent fails to give notice of the amount of Variable Rate Bonds for

which it has effected a Placement by the time set forth above, so long as the Letter of Credit is outstanding, the Trustee shall draw on the Letter of Credit in the amount of the full purchase price of all Variable Rate Bonds for which it has received a Notice and Demand and deposit and apply the proceeds of such drawing as provided in this Section. Variable Rate Bonds purchased pursuant to this Section with proceeds of the Letter of Credit shall be held registered in the name of the Bank, by the Trustee, subject to the Bank's order. Interest on Variable Rate Bonds so registered and held shall be payable at the rate specified in Section 1.7 hereof. The Trustee shall release Variable Rate Bonds registered in the name of the Bank only after being notified by telephone, promptly confirmed in writing or by telecopier, of the reinstatement in full by the Bank of so much of the Available Amount of the Letter of Credit as was reduced by reason of the purchase of such Variable Rate Bonds pursuant to this Section. Variable Rate Bonds, so long as they are held by the Bank pursuant to this Section, shall not be entitled to the benefits of the Letter of Credit; thus, interest on such Variable Rate Bonds shall be paid only from sources other than drawings on the Letter of Credit.

Section 1.6. **Letter of Credit.** Except for 2002 Bonds which bear interest at a Long Rate to maturity, the Corporation hereby agrees to obtain and maintain a Letter of Credit whenever the 2002 Bonds bear interest at a Variable Rate. If at any time the Corporation obtains a Letter of Credit with respect to 2002 Bonds which were previously not entitled to the benefit thereof, the Corporation shall submit such Letter of Credit to Moody's and Standard & Poor's (if then rating the 2002 Bonds) and any other Rating Agency (if then rating the 2002 Bonds) for the purpose of obtaining a rating on such 2002 Bonds. The Trustee shall be furnished with the original Letter of Credit obtained pursuant to this Section together with evidence of any rating or ratings obtained on the 2002 Bonds entitled to the benefit of such Letter of Credit. Any Bank not located in the State of New York shall provide the Trustee with a list of holidays on which it is closed through the next succeeding January 1 at the beginning of the term of its Letter of Credit and by January 1 of each year thereafter.

The Trustee agrees to hold any Letter of Credit for the benefit of the Registered Owners of the 2002 Bonds to which the Letter of Credit is applicable by its terms, other than 2002 Bonds held by the Corporation and 2002 Bonds held by the Bank pursuant to Sections 1.4(c) and 1.5 hereof with respect to the 2002 Bonds. On the Final Payment Date of any 2002 Bond or 2002 Bond entitled to the benefits of a Letter of Credit following a Notice and Demand by the Registered Owner thereof, whether on an Interest Payment Date, on a Maturity date of such 2002 Bonds, upon acceleration of such 2002 Bonds, on any date set for optional or mandatory redemption of such 2002 Bonds in whole or in part, or otherwise, the Trustee shall give notice by delivery in written form or by telecopier in the form of the appropriate certificate to the Bank stating that the Trustee is making a draw under the Letter of Credit applicable to such 2002 Bonds and the amount and type of such draw. Such draw shall be in accordance with the terms of the Letter of Credit in an amount sufficient to make such payment, and the Trustee shall apply such moneys to pay such principal or interest when due without further authorization or direction. Pending application of such moneys as aforesaid, the

Trustee shall deposit all such moneys in a special purpose trust account, which shall be held in cash and shall not be invested or commingled with any other funds and over which the Trustee shall have the exclusive and sole right of withdrawal for the sole benefit of the Registered Owners of the 2002 Bonds for which such drawing was made.

The Corporation hereby authorizes and directs the Trustee to surrender any Letter of Credit to the Bank on the date of termination or substitution thereof as provided in the Reimbursement Agreement, and, upon the appointment and qualification of a successor Trustee, to transfer the Letter of Credit to such successor Trustee pursuant to the provisions of the Letter of Credit. Neither surrender of the Letter of Credit by the Trustee nor confirmation in writing or receipt thereof by the Bank shall be deemed to be a condition precedent to any termination or substitution of the Letter of Credit. Notwithstanding anything herein to the contrary, the Letter of Credit shall in no event be terminated or released until notice has been given as provided below that a substitute Letter of Credit has been delivered to the Trustee and is in effect and the Trustee and the Corporation have delivered to the Bank the certificate of cancellation. Simultaneously with the effective date of any substitute Letter of Credit the Corporation shall cause to be purchased from the Bank all 2002 Bonds entitled to the benefits of the original Letter of Credit then outstanding and shall repay to the Bank all other amounts then due under the Reimbursement Agreement.

Section 1.7. *Interest Rate on 2002 Bonds Held by the Bank and Redemption of 2002 Bonds Held by the Bank.*

(a) Notwithstanding anything in this Indenture to the contrary, so long as the Letter of Credit is outstanding, any 2002 Bonds registered to and held by or for the Bank as a result of a purchase pursuant to Section 1.4(c) or 1.5 hereof shall bear interest while held by the Bank at the rate set forth in the Reimbursement Agreement, and on the dates set forth therein. No Registered Owner other than the Bank shall be entitled to be paid interest at such rate.

(b) Pursuant to Section 603(C) of the First Supplemental Indenture, the Corporation shall notify the Trustee in writing of any mandatory redemption provisions for the 2002 Bonds required by the Reimbursement Agreement, and, upon filing such notice with the Trustee, the 2002 Bonds shall be subject to such mandatory redemption at the time or times required by the Reimbursement Agreement.

Section 1.8. *Payments to the Bank; Drawings Under the Letter of Credit.* All payments by the Trustee in respect of the Reimbursement Agreement shall be made to the Bank in accordance with the Reimbursement Agreement and any drawings by the Trustee on the Letter of Credit shall be made by the presentation of a demand to the Bank in accordance with the Letter of Credit.

Section 1.9. *Notices to Registered Owners.* Unless the Trustee has received written notification from the Bank of the extension of a Letter of Credit by the 35th day prior to the Termination Date with respect to such Letter of Credit or the Trustee has received notice that the Corporation has elected to terminate the Letter of Credit, the 2002 Bonds shall be mandatorily tendered on the fifth Business Day prior to the termination of the Letter of Credit at a tender price of 100% of the principal amount thereof (and without premium), and the Trustee shall, not later than thirty (30) days prior to the date that the 2002 Bonds entitled to the benefits of such Letter of Credit are to be tendered give written notice by mail to each Registered Owner of the 2002 Bonds entitled to the benefits of the Letter of Credit at the addresses of the Registered Owners recorded in the books of registry maintained by the Trustee hereof of the termination of the Letter of Credit on the Termination Date. In the event the Corporation intends to provide for the substitution of the Letter of Credit on any occasion other than in connection with the termination of the then outstanding Letter of Credit on the Termination Date thereof, the Corporation shall deliver to the Trustee, at least 35 days before the proposed date of such substitution, a notice of such intended substitution, identifying the name and address of the proposed issuer of such proposed substitute Letter of Credit and setting forth the proposed initial Available Amount and Termination Date thereof. Within seven days after receipt of such notice from the Corporation, the Trustee shall give notice thereof and of the information set forth therein to the Registered Owners of the 2002 Bonds entitled to the benefits of the Letter of Credit in the same manner as provided in this Section for notices of termination of the Letter of Credit. In the same manner, the Trustee shall promptly notify the Registered Owners of the 2002 Bonds entitled to the benefits of the Letter of Credit of the receipt of any such substitute Letter of Credit and of any change from the proposals set forth in any previous notice, or of any receipt from the Corporation of notice that it does not intend to proceed with such substitution. In the event that the Corporation is required to and does not obtain either an extension or a substitution of a Letter of Credit by the dates set forth above, the Trustee shall cause the 2002 Bonds entitled to the benefits of such Letter of Credit to be tendered pursuant to this Section 1.09 hereof.

Section 1.10. *Alternative Liquidity Mechanisms.* Notwithstanding anything in this Indenture to the contrary, (i) the Corporation may provide an alternative liquidity mechanism, in place of a Letter of Credit, for any Variable Rate Bonds and (ii) the Corporation may convert a Series of the Series 2002 Bonds to a Long Rate Period to the final maturity thereof and in such case need not provide a Letter of Credit or other liquidity mechanism; provided, however, that in either case the Trustee shall receive confirmation from each Rating Agency then rating any of the Bonds that the use of such alternative liquidity mechanism or conversion to a Long Rate Period to maturity will not adversely affect any of their ratings on the Bonds (other than the Bonds secured by such alternative liquidity mechanism or converted to Long Rate Period to final maturity) and the Trustee shall receive a Favorable Opinion.

Section 1.11. *Long Rate to Maturity.* (A) The Corporation may at its option (i) with the written consent of any related Credit Enhancement Agency (which consent

shall not be unreasonably withheld) and (2) if only a portion of the Variable Rate Bonds are to be converted, also with the consent of any related Bank (which consent shall not be unreasonably withheld), designate a Long Rate Period, for all or a portion of the 2002 Bonds, which extends to the final maturity date of such 2002 Bonds; provided that the Trustee has received a Favorable Opinion regarding such Conversion. The Conversion described in this Section 1.11 may occur on the Variable Rate Conversion Date or on any Period Adjustment Date, at the option of the Corporation. The Corporation shall provide written notice to the Trustee, the Remarketing Agent, any related Credit Enhancement Agency, and any Bank that the Corporation will cause a Conversion of such 2002 Bonds on the Conversion Date set forth in such written notice, which Conversion Date shall not occur sooner than 28 days after receipt of such notice.

(B) Prior to the Conversion of 2002 Bonds, the Trustee shall deliver a notice to the holders of 2002 Bonds to be Converted not less than 23 days prior to the Conversion Date, setting forth the following information:

- (1) that the interest rate on such 2002 Bonds will be converted to a rate of interest which is fixed to maturity;
- (2) the proposed Conversion Date;
- (3) that such 2002 Bonds will be remarketed by the Remarketing Agent or purchased by the Trustee on the Conversion Date; and
- (4) that the Corporation may elect to cancel such Conversion, notice of which shall be given to the related Bondholders at least 15 days prior to the proposed Conversion Date.

If the Corporation elects not to proceed with such Conversion, the Corporation shall give notice of the cancellation of the Conversion to the Trustee, the Remarketing Agent, any Credit Enhancement Agency, and any Bank and, thereafter, the Trustee shall give notice to each Holder of the 2002 Bonds of such cancellation of the proposed Conversion not later than the 15th day prior to the proposed Conversion Date for which the foregoing notice was given.

(C) Upon any Conversion, the 2002 Bonds to be Converted shall be subject to mandatory tender in accordance with this Section and Section 1.4(c), and the Holders thereof shall be notified of such Conversion as provided herein. No 2002 Bonds to be Converted shall be remarketed subsequent to the date of notice of such Conversion except to purchasers who agree to accept the Long Rate to maturity.

(D) On any Conversion Date, all 2002 Bonds subject to Conversion on such Conversion Date shall automatically, upon such Conversion, bear a subseries designation determined by the Corporation and the Trustee. For example, the first such 2002A Bonds so Converted shall be redesignated "Education Loan Revenue

Bonds, Senior Series 2002A-1" and the second such 2002A bonds so Converted shall be redesignated "Education Loan Revenue Bonds, Senior Series 2002A-2." Such redesignations shall be consecutively numbered and shall continue in like manner until all outstanding 2002 Bonds of the related Series shall have been Converted. The Trustee, with the cooperation of the Corporation, shall cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(E) The Corporation may revise the "Form of Series 2002[A][B] Variable Rate Bond" in Schedule "1" to this Exhibit "G" to provide for the issuance of Bonds under this Section 1.11.

Section 1.12. ***Mandatory Tender on Conversion.*** In the event of Conversion, the 2002 Bonds or any portion thereof, as applicable, are subject to Mandatory Tender for purchase (with no right to retain) on the Conversion Date.

SCHEDULE "1" TO EXHIBIT "G"

FORM OF SERIES 2002 [A][B] VARIABLE RATE BOND

ALASKA STUDENT LOAN CORPORATION

EDUCATION LOAN REVENUE BOND

[SENIOR] [SUBORDINATE] SERIES 2002 [A][B]

No. \$ _____

<u>INTEREST</u> <u>RATE MODE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
Variable			

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Alaska Student Loan Corporation (hereinafter called the "Corporation"), a public corporation and government instrumentality of the State of Alaska (herein called the "State") created and existing under and by virtue of the laws of the State, acknowledges itself indebted and for value received, hereby promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, unless this Bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been made or duly provided for, upon presentation and surrender hereof at the principal corporate trust office of Zions First National Bank, in Denver, Colorado, as paying agent (the "Paying Agent"), the principal amount specified above and to pay upon the Variable Rate Conversion Date interest hereon at a Variable Rate for an Interest Period to be established by the Corporation pursuant to Exhibit "A" of the First Supplemental Indenture. Thereafter, this Bond may be converted to bear interest at another Variable Rate pursuant to Exhibit "G" of the First Supplemental Indenture; provided, however, that if as shown by the records of the Trustee (defined herein) interest on the 2002 [A][B] Bonds (defined herein) shall be in default, 2002 [A][B] Bonds issued in lieu of such 2002 [A][B] Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the 2002 [A][B] Bonds surrendered until payment of the principal hereof has been made or duly provided for. Interest on this Bond shall be paid to the person in whose name this Bond is registered on the registration books kept by the Trustee on the Record Date specified in the Indenture, by check or draft mailed on the Interest Payment Date to such person, or in certain cases by wire transfer to such person's bank account, as

described in the Indenture. The principal of and premium, if any, and interest on the 2002 [A][B] Bonds shall be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of bonds of the Corporation designated as its "Education Loan Revenue Bonds, [Senior] [Subordinate] Series 2002 [A][B]" limited in aggregate principal amount to \$_____ (the "2002 [A][B] Bonds") issued pursuant to a resolution duly adopted by the Board of Directors of the Corporation on April 25, 2002 and under and in full compliance with the Constitution and laws of the State of Alaska, in particular, Sections 100-990 of Chapter 42 of Title 14 of the Alaska Statutes, as amended (the "Act") for the purpose of obtaining funds to refund outstanding bonds of the Corporation and to finance the acquisition of loans for higher education. The Corporation's Education Loan Revenue Bonds 2002[A][B] and Education Loan Revenue Bonds, [Senior] [Subordinate] Series 2002 [A][B] (the "2002 [A][B] Bonds" and, collectively with the 2002 [A][B] Bonds, the "2002 Bonds"), are being issued simultaneously with the 2002 [A][B] Bonds. The 2002 Bonds are being issued under and are secured by and entitled to the protection of an Indenture (the "Indenture") dated June 1, 2002, as supplemented by the First Supplemental Indenture (the Indenture and the First Supplemental Indenture are herein collectively referred to as the "Indenture") between the Corporation and Zions First National Bank, Denver, Colorado as trustee (the "Trustee"). The Bonds of each Series issued under the Master Indenture are assigned a payment priority by Class designation, with Class I being the highest priority and successively lower Classes being designated by higher Roman numerals. The 2002 [A][B] Bonds have been designated as Class [I][II] as more fully set forth in the Indenture.

This Bond shall bear interest at a Variable Rate as defined by the Remarketing Agent and announced to the Trustee and the Corporation on each Rate Determination Date for such 2002 [A][B] Bonds and such Variable Rate shall be the rate of interest borne by such 2002 [A][B] Bonds for the Interest Period commencing on the Rate Adjustment Date for such Interest Period. The Variable Rate to be borne by the 2002 [A][B] Bonds for any Interest Period related to such 2002 [A][B] Bonds shall, subject to the other provisions of this subsection, be the rate determined by the Remarketing Agent, in its discretion, to be that rate which, if borne by the 2002 [A][B] Bonds would, in its judgment, having due regard to the prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to enable the Remarketing Agent to sell such 2002 [A][B] Bonds at par (disregarding accrued interest) if tendered for payment pursuant to Exhibit "G" to the First Supplemental Indenture (whether or not so tendered); provided that if the Remarketing Agent shall fail or refuse to determine a Variable Rate on any Rate Determination Date, the Variable Rate most recently determined for the 2002 [A][B] Bonds shall remain in effect; and provided further that no Variable Rate shall exceed the Maximum Rate.

While 2002 [A][B] Bonds bear interest at a Variable Rate, from time to time, the Corporation may designate different Interest Periods to be applicable to such 2002 [A][B] Bonds and to be effective on any Period Adjustment Date established for such 2002 [A][B] Bonds. The Corporation shall evidence each such designation by giving written notice thereof to the Trustee and the Remarketing Agent at least twenty-eight (28) days before the applicable Period Adjustment Date established for the 2002 [A][B] Bonds, and such notice shall state the Rate Determination Date for such 2002 [A][B] Bonds; provided, however, that (i) no Interest Period may extend beyond the day immediately preceding the Termination Date then in effect of the Letter of Credit, and (ii) each Period Adjustment Date must be a Business Day and may not occur during a Long Rate Period, but may occur at the end of a Long Rate Period. If such notice from the Corporation designates a change in an Interest Period from a period of one year or less to a period of more than one year, or a change in an Interest Period from a period of more than one year to a period of one year or less, such notice shall not be effective unless accompanied by a Favorable Opinion. In the case of any change in an Interest Period which results in an increase in the Interest Coverage Requirement, such notice shall also be accompanied by a substitute Letter of Credit in an Available Amount not less than the principal amount of 2002 [A][B] Bonds bearing interest at a Variable Rate to be Outstanding on and after the Period Adjustment Date plus the Interest Coverage Requirement therefor, and a written confirmation from the Bank that the size of the Letter of Credit will be sufficient, following such change in Interest Period, to provide for the payment of the principal of, and the Interest Coverage Requirement on, the 2002 [A][B] Bonds bearing interest at a Variable Rate.

In no event shall the Variable Rate on this Bond exceed 14% per annum.

This Bond is a special, limited obligation of the Corporation and is payable solely from assets and revenues specifically pledged thereto pursuant to the terms of the Indenture. Under certain circumstances Additional Bonds may be issued under the Indenture, which may be entitled to share in the Trust Estate prior to, equally and ratably with, or subordinate to, the 2002 [A][B] Bonds.

The Bonds do not constitute a debt, liability, or other obligation of the State or of any political subdivision of the State other than the Corporation. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof other than the Corporation is pledged to the payment of the principal of or interest on the Bonds. The Corporation has no taxing power.

Reference is made to the Indenture for a complete statement of the terms and conditions upon which the 2002 [A][B] Bonds of this issue have been issued and provisions made for their security and for the issuance of Additional Bonds; for a description of the rights of the owners of the 2002 [A][B] Bonds; the rights and obligations of the Corporation; the rights, duties and obligations of the Trustee and the Paying Agent; and the provisions relating to amendments and modifications thereof. The acceptance of the terms and conditions of such documents, copies of which are

on file at the principal corporate trust office of the Trustee, is an explicit and material part of the consideration of the Corporation's issuance hereof, and each owner hereof by acceptance of this Bond accepts and assents to all such terms and conditions as if fully set forth herein.

Capitalized terms used in this Bond which are not defined herein but which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

The 2002 [A][B] Bonds bearing interest at a Variable Rate are subject to redemption on the dates, in the amounts, at the prices and with notice all as described in the Indenture.

[The 2002A Bonds are subject to mandatory redemption and shall be redeemed in part by lot from Sinking Fund Installments (as defined in the Indenture) on each of the dates and at the principal amounts set forth below, together with interest accrued and unpaid to the redemption date subject to crediting as provided in the Master Indenture:

Sinking Fund Date (June 1)	Principal Amount
2009	\$22,100,000
2010	4,300,000
2011	6,750,000
2012	5,550,000
2013	2,000,000
2016	1,500,000
2037*	5,300,000

*Final Maturity]

If an Event of Default (as defined in the Indenture) shall occur, the principal of all the Bonds may be, and under certain circumstances shall be, declared due and payable in the manner and with the effect provided in the Indenture.

The 2002 [A][B] Bonds bearing interest at a Variable Rate are issuable as registered Bonds in the denomination of \$_____ or any integral multiple thereof. Subject to the limitations provided in the Indenture and upon payment of any tax or governmental charge, 2002 [A][B] Bonds may be exchanged for a like aggregate principal amount of 2002 [A][B] Bonds of other authorized denominations.

So long as this Bond is registered to and held by or for the Bank as the result of a purchase pursuant to the Indenture, it shall bear interest at the rate, and computed and payable in the manner, specified in the Reimbursement Agreement, as defined in the Indenture.

From and after the termination of the Initial Period and until changed pursuant to the procedures set forth in the Indenture, this Bond may bear interest at a Daily Rate, a Weekly Rate, a Monthly Rate, or a Long Rate (each as defined in the Indenture). This Bond shall initially bear interest at a _____ Rate. While the 2002 [A][B] Bonds bear interest at a Variable Rate, pursuant to the procedures and subject to certain conditions set forth in the Indenture, the rate of interest borne by the 2002 [A][B] Bonds may, on any Interest Payment Date, be changed to a Daily Rate for each Daily Rate Period, a Weekly Rate for each Weekly Rate Period, a Monthly Rate for each Monthly Rate Period, or a Long Rate for each Long Rate Period (as such terms are defined in the Indenture). The Rate Determination Date for Daily Rate Periods shall be each Business Day or other day selected by the Remarketing Agent, and the Rate Adjustment Date shall be the Rate Determination Date. The Rate Determination Date for Weekly Rate Periods shall be the first Business Day after Monday of each week, and the Rate Adjustment Date shall be the Wednesday of such week. The Rate Determination Date for Monthly Rate Periods shall be the Business Day before the first Wednesday of each month, and the Rate Adjustment Date shall be such Wednesday. The Rate Determination Date for each Long Rate Period shall be any day within fifteen days before the Rate Adjustment Date, and the Rate Adjustment Date shall be the Interest Payment Date which is the first day of the Long Rate Period.

The Interest Payment Dates with respect to the 2002 [A][B] Bonds shall be each June 1 and December 1 following the Variable Rate Conversion Date; provided that, for purposes of payment of interest on the Bonds, if any such date is not a Business Day, such payment shall be made on the next day which is a Business Day with the same effect as if made on such date. Following the Initial Period, with respect to any Interest Period shorter than a Long Rate Period of less than one year, interest shall be computed for the actual number of days elapsed on the basis of a year of 365 or 366 days, as appropriate; and with respect to any Long Rate Period of one year or more, interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The Registered Owner of this Bond may, by delivery or transmission of an irrevocable Notice and Demand for Payment in the form set forth in the Indenture (copies of which may be obtained from the Trustee) to the Remarketing Agent and to the Trustee, on a Business Day not later than the date required therefor pursuant to the Indenture, demand payment of the principal of and accrued interest on this Bond on and as of the Final Payment Date, as defined in the Indenture, which, during any Weekly Rate Period, shall be the Ninth calendar day after (but not including) the date of receipt by the Remarketing Agent and the Trustee of such delivery or transmission, or, if such Ninth calendar day is not a Business Day, the Business Day next succeeding such day, unless a placement of this Bond as provided in said form of Notice and Demand has theretofore been effected. The Final Payment Date for this Bond during any Daily Rate Period, Monthly Rate Period or Long Rate Period shall be as provided in the Indenture and in the required notice from the Trustee of any Period Adjustment Date. This Bond must be tendered to the Trustee at its principal corporate trust office, duly endorsed in blank for transfer at or prior to the time required therefor on the Final

Payment Date, and must conform in all respects to the description thereof in the Notice and Demand for Payment. When funds sufficient to pay the principal of and interest accrued on this Bond to the Final Payment Date have been deposited with, or shall be held by, the Trustee, as provided in the Indenture, interest on this Bond will cease to accrue on and after the Final Payment Date.

This Bond shall be subject to mandatory tender to the Trustee, as appropriate, for purchase pursuant to Exhibit "G" to the First Supplemental Indenture prior to maturity on any Mandatory Tender Date (as defined in said Exhibit "G") at a purchase price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to such Mandatory Tender Date, as applicable.

If on such Mandatory Tender Date for which there has been irrevocably deposited with the Trustee amounts sufficient to pay the purchase price of this Bond, this Bond shall be deemed to have been tendered in accordance with the provisions of Exhibit "G" of the First Supplemental Indenture. The Registered Owner of this Bond, whether or not delivered to the Trustee shall not be entitled to any payment (including any interest to accrue on and subsequent to the Mandatory Tender Date) other than the purchase price for this Bond, and this Bond shall no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price therefor.

So long as the ownership of this Bond is maintained in book-entry form by the Depository, a beneficial owner may sell, transfer or otherwise dispose of its beneficial interest in this Bond only pursuant to the procedures of DTC.

No recourse, either directly or indirectly, shall be had for the payment of principal or redemption price of, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer or employee, past, present or future, of the Corporation or of any successor body, as such, either directly or through the Corporation or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, but the obligation to pay all amounts required by the Indenture securing this Bond and the obligation to do and perform the covenants and acts required of the Corporation therein and herein shall be and remain the responsibility and obligation of said Corporation, limited as herein set forth.

Neither the members of the Corporation nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been executed by an Authenticating Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding obligation of the Corporation according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

IN WITNESS WHEREOF, the Corporation has caused this Bond to be executed with the manual or facsimile signature of its Executive Officer and its seal or a facsimile thereof to be hereto affixed, and to be signed and attested with the manual or facsimile signature of an Authorized Officer.

ALASKA STUDENT LOAN CORPORATION

[SEAL]

By _____
Executive Officer

ATTEST:

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned First Supplemental Indenture and is one of the Education Loan Revenue Bonds, [Senior] [Subordinate] Series 2002 [A][B], of the Alaska Student Loan Corporation.

ZIONS FIRST NATIONAL BANK,
as Trustee

By _____
Authorized Signatory

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned
sells, assigns and transfers unto _____ (Tax Identification or
Social Security No. _____) the within Bond and all rights thereunder, and
hereby irrevocably constitutes and appoints _____ attorney for
registration thereof, with full power of substitution in the premises.

DATED the _____ day of _____, _____.

NOTICE: The signature to this
assignment must correspond with the
name of the Registered Owner as it
appears upon the face of the within
Bond in every particular, without
alteration or enlargement or any
change whatever.

Signature Guaranteed:

The signature(s) should be guaranteed
by an eligible guarantor institution
(banks, stockbrokers, savings and loan
associations and credit unions with
membership in an approved signature
guarantee medallion program), pursuant
to S.E.C. Rule 17Ad-15.

SCHEDULE "2" TO EXHIBIT "G"

[FORM OF IRREVOCABLE NOTICE AND DEMAND FOR PAYMENT OR
CONFIRMATION THEREOF--NOT PART OF BOND FORM]

To be delivered or transmitted to:
UBS PaineWebber Inc.
15th Floor
1285 Avenue of the Americas
New York, New York 10019

with a copy to:

[Name of Trustee]
[Address of Trustee]
Attn: Corporate Trust Department

The undersigned is the registered owner of Education Loan Revenue Bond, [Senior] [Subordinate] Series 2002 [A][B], of the Alaska Student Loan Corporation of the State of Alaska (the "Corporation"), No. _____ (the "2002 [A][B] Bond"). The undersigned hereby [irrevocably demands*] [confirms its irrevocable demand for**] payment of the principal of and accrued interest on the Series 2002 [A][B] Bond to the date of payment, unless a placement of the 2002 [A][B] Bond as hereinafter provided has theretofore been effected.

Payment shall be made in immediately available funds, deposited or wired in accordance with instructions provided by the undersigned to the Trustee (as hereinafter defined) or, if no such instructions are provided, by check mailed to the undersigned at the address appearing on the books of registry maintained by the Trustee. Payment shall occur on _____, _____ (the "Final Payment Date"), which shall be not earlier than the applicable date and time for such payment, as set forth in Schedule "3" to "Exhibit G" of the First Supplemental Indenture to the Indenture referred to below, following delivery or transmission of [this notice*] [the telephonic notice of which this is written confirmation**] to UBS PaineWebber Inc., as remarketing agent (the "Remarketing Agent") [and*] [, which telephonic notice is also confirmed by**] simultaneous delivery or transmission of a copy hereof to [Name of Trustee], as trustee (the "Trustee"), under that certain Indenture of Trust, dated as of _____ 1, 2002, as supplemented and amended, between the Corporation and the Trustee, pursuant to which the 2002 [A][B] Bond was issued, unless such a placement of the 2002 [A][B] Bond or has theretofore been effected. Delivery hereof shall be made in person or by registered mail, return receipt requested, to the addresses set forth above and shall occur upon receipt by the Remarketing Agent and the Trustee. Transmission hereof shall be by telecopier to the numbers set forth above and shall be effective upon receipt of such transmission by the Remarketing Agent and the Trustee. [Transmission of telephonic notice of which this is written confirmation shall be to the telephone number

set forth above and shall be effective upon receipt of such transmission by the Remarketing Agent.**] Such delivery or transmission must be on a Business Day. The 2002 [A][B] Bond or shall be tendered to _____, the Trustee, _____, with a duly executed instrument of transfer in the form set forth on the Series 2002 [A][B] Bond or with signature guaranteed in a manner satisfactory to the Trustee, at or prior to the time required therefor pursuant to Schedule "3" of Exhibit "G" to the First Supplemental Indenture, on or before the Final Payment Date. The 2002 [A][B] Bond shall conform in all respects to the description thereof in [this*] [the**] Notice and Demand [and this confirmation thereof**].

The undersigned hereby [authorizes and directs*] [confirms its authorization and direction to**] UBS PaineWebber Inc., as remarketing agent, to arrange for the placement of the 2002 [A][B] Bond at not less than par plus accrued interest to the date of payment. In the event of such a placement, payment of the sale price of the 2002 [A][B] Bond shall be made on the Final Payment Date as hereinabove provided.

When funds sufficient to pay the principal of and interest accrued on the 2002 [A][B] Bond or to the Final Payment Date have been deposited with, or shall be held by, the Trustee as provided in the Indenture, interest on the 2002 [A][B] Bond or will cease to accrue on and after the Final Payment Date.

Name:
Authorized Signature

Date:

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- * Language applicable with respect to any Notice and Demand except during a Daily Rate Period.
- ** Language applicable with respect to any confirmation of a telephonic Notice and Demand during a Daily Rate Period.

[FORM OF INSTRUCTIONS FOR
PAYMENT OF INTEREST]

[Name of Trustee]
[Address of Trustee]
Attn: Corporate Trust Department

The undersigned is the registered owner of Education Loan Revenue Bond, [Senior] [Subordinate] Series 2002 [A][B], of the Alaska Student Loan Corporation, No(s). _____ (the "2002 [A][B] Bond"), in an aggregate principal amount of \$1,000,000 or more. Until further notice or until the undersigned ceases to be the registered owner of the 2002 [A][B] Bond, you are instructed to make payment of all interest due on the 2002 [A][B] Bond on any date due by depositing or wiring immediately available funds on such date to the credit of the undersigned's Account No. _____ with _____.

Name:

Date:

Authorized Signature

Signature Guaranteed:

SCHEDULE "3" TO EXHIBIT "G"

VARIABLE RATE FEATURES

	<u>Daily Rate Periods</u>	<u>Weekly Rate Periods</u>	<u>Monthly Rate Periods</u>	<u>Long Rate Periods</u>
Rate Determination Date	At or prior to 9:30* a.m. on each Business Day or on any other day at the discretion of the Remarketing Agent	First Business Day after Monday of each week	First Business Day preceding the Rate Adjustment Date	Any day within 15 days before the Rate Adjustment Date and ending on the Rate Adjustment Date
Rate Adjustment Date	Rate Determination Date	Wednesday of each Week	First Wednesday of each month	First day of Interest Period
Notice and Demand	Irrevocable Telephonic Notice and Demand to Remarketing Agent no later than 10:30* a.m., promptly confirmed in writing to Remarketing Agent and Trustee	Written notice to Remarketing Agent and Trustee on any Business day at least seven days prior to Final Payment Date	Written notice to Remarketing Agent and Trustee on any Business Day at least seven days prior to the Final Payment Date	Written notice to Remarketing Agent and Trustee between 30 days and the Business Day 15 days prior to Final payment Date, so long as the Letter of Credit or other liquidity facility is in effect
Final Payment Date	Not later than 4:30* p.m. on the day of receipt of Notice and Demand, if Bond delivered to Authenticating Agent not later than 10:30 a.m. on Final Payment Date	Not later than 4:30* p.m. on the day set forth in the Notice and Demand, if Bond delivered to Authenticating Agent not later than 11:00 a.m. on the Final Payment Date	Not later than 4:30 p.m. on the next Rate Adjustment Date which is at least seven days following receipt of Notice and Demand, if Bond delivered to Authenticating Agent not later than 11:00 a.m. on the Final Payment Date	Not later than 4:30* p.m. on the next Rate Adjustment Date which is at least 15 days following receipt of Note and Demand, if Bond delivered to Authenticating Agent not later than 3:00 p.m. 15 days prior to Final Payment Date

*All times are New York City time.